

COMMONWEALTH OF MASSACHUSETTS
DIVISION OF HEALTH CARE FINANCE AND POLICY
HOSPITAL UNIFORM REPORTING MANUAL
November, 2006

INTRODUCTION

This Reporting Manual has been developed to provide a consistent basis for uniform reporting of income, expenses and statistics on a functional basis. Functional reporting, as opposed to responsibility reporting, allows for comparability among hospitals which may have varied organizational structures. This manual is the Division of Health Care Finance and Policy's official and binding interpretation of reporting treatment and takes precedence over the AHA **Chart of Accounts for Hospitals** and Chapter 2 of the AICPA **Hospital Audit Guide**.

The Reporting Manual is designed to be a working manual. As revisions are made to the Manual, hospitals will be furnished with updated versions.

The following are the major reference sources used in developing this Manual:

Accounting and Reporting Manual for California Hospitals. California Office of Statewide Health Planning and Development, July 2003.

Accounting and Audit Guide Health Care Organizations, American Institute of Certified Public Accountants, New York, New York, 2001

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CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

PREFACE

1000

This Manual is intended to establish a foundation for uniform reporting for hospitals. It is thus helpful to set forth certain basic accounting principles and concepts to be followed throughout the Manual. This section deals with the most significant of these principles and concepts.

PRESCRIBED ACCOUNTING PRINCIPLES

1010

Prescribed Generally Accepted Accounting Principles as interpreted in the opinions of the American Institute of Certified Public Accounts (AICPA) and in the statements by the Financial Accounting Standards Board (FASB) are the appropriate bases for reporting to the Division of Health Care Finance and Policy. The options that are currently available under Generally Accepted Accounting Principles have in several instances been limited or restricted. These modifications have been made to allow for more detailed and precise accounting practices so that a uniform reporting system for hospitals could be established. We recognize that the state of the art in hospital accounting is continually changing; therefore, as new AICPA opinions are developed, they will be reviewed for possible inclusion or modification of the accounting concepts described in this Manual.

This Manual discusses only certain accounting principles and concepts; any principle or concept not specifically discussed in this Manual should be accounted for according to Generally Accepted Accounting Principles (GAAP).

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

BASIC CONCEPTS

1100 - 1299

REPORTING PERIOD

1130

The basic reporting period is one year. This period shall consist of the 12 consecutive calendar months that end in the month of June for state, county, and municipal hospitals or September for all others.

CONSISTENCY

1160

Consistency refers to continued uniformity, during a period and from one period to another, in methods of accounting, which underlie the basis upon which a hospital reports to the Division.

BASIS OF VALUATION

1190

Many hospitals receive the services of members of an organization of non-paid workers that has arrangements with the hospital for the performance of services. The services are in positions customarily held by full-time employees, and are performed on a regularly scheduled basis. The fair value of donated services must be recorded when there is the equivalent of an employer-employee relationship and an objective basis for valuing such services. The value of services donated by organizations may be evidenced by a contractual relationship which may provide the basis for valuation. The amounts recorded are not to exceed those paid others for similar work.

The value of services of a type for which hospitals generally do not remunerate individuals' performances, are not included as operating cost (e.g., donated services of individuals such as volunteers and trustees.)

MATCHING OF REVENUE AND EXPENSES

1200

Determination of the net income of an accounting period requires measurements of revenue, deductions from revenue and expenses associated with the period. Hospital revenue must be recorded in the period in which it is earned; that is, in the time period during which the services are rendered to patients and a legal claim arises for the value of the services. Once the revenue determination is made, a measurement must be made of the amount of expense incurred in rendering the services on which the revenue determination was based. Unless there is such a matching of accomplishment (revenue) and effort (expense), the reported net income of a period may be meaningless.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

ACCOUNTING PRINCIPLES

1330 - 1599

DEDUCTIONS FROM OPERATING REVENUE

1330

In many instances, the hospital receives less than its full established rates for the services it renders. It is essential that accounting information reflect both the potential gross revenue and revenue "losses" resulting from the inability to collect established rates for services provided. These revenue "losses" are called Deductions from Revenue and are of the following primary categories:

1. **Provisions for Bad Debts** - This deduction represents the estimated amount of current revenues that will not be realized as a result of credit losses.
2. **Contractual Adjustments** - These adjustments represent the difference between full established charges for individual services and the amounts realizable from third party payors under contractual agreements.
3. **Charity Service** - Charity service represents the healthcare services that never were expected to result in cash inflows. Charity care results from a provider's policy to provide care free of charge to individuals who meet certain financial criteria. Deductions in this category may vary from small reductions in regular charges for some patients to 100 percent for others.
4. **Policy Discounts** - These deductions represent adjustments for items such as courtesy allowances and employee discounts from the hospital's full established rates for services. This would correspond to the categories "Courtesy and Miscellaneous" and "Employees" under the Free Care and Allowances of the current reporting forms.

FUND ACCOUNTING

1340

Many hospitals receive, from donors and other third-parties, income, gifts, bequests, and grants that are restricted as to use. When funds with donor-imposed restrictions are received, they must be accounted for separately. This would not preclude the pooling of assets for investment purposes. Hospitals should maintain their fund accounting in conformity with generally accepted accounting principles.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

UNRESTRICTED FUND

1341

The Unrestricted Fund is the term used to account for net assets not restricted externally and is derived from the day-to-day activities of the hospital and unrestricted contributions. These funds can be designated by the governing board for special uses. If the governing board designates assets in this manner, it should be recognized that the board also has the authority to rescind its action. For this reason, such funds must be accounted for in Unrestricted Net Assets. Separate accounts in the Unrestricted Fund have been set aside for limited use assets.

The term “restricted must not be used in connection with board or other internal hospital appropriations or designations of funds. These assets are to be categorized as assets whose use is limited and are included in the unrestricted fund. Three categories of assets whose use is limited have been identified.

- 1.) Board Designated Assets – These assets have been identified for a specific purpose by the governing board. The board may at any time subsequent to being identified for a specific purpose, change the purpose for which the assets have been designated.

An example of the entries to record the required transfer in both funds is as follows:

	<u>Dr.</u>	<u>Cr.</u>
Limited Use Checking Accounts	xxx	
General Checking Accounts		xxx

To record the transfer of cash designated for limited purpose by the governing board.

- 2.) Proceeds of debt issues – this includes funds held by a trustee. These funds are set aside for use in accordance with the debt instrument.

An example of the entries to record the required transfer in both funds is as follows:

	<u>Dr.</u>	<u>Cr.</u>
General Checking Accounts	xxx	
Limited Use Other Cash	xxx	
Bonds Payable		xxx

To record cash received and set up the liability related to the issuance of debt.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

UNRESTRICTED FUND

1341

- 3.) Other assets limited as to use – Assets set aside based on agreements with third parties other than the donor or grantor. These would include assets set aside under agreements with third-party payors to meet depreciation funding requirements and assets set aside under self-insurance fund arrangements.

Use similar entries as example above.

PLANT REPLACEMENT AND EXPANSION FUND

1342

Resources restricted by donors and other third-parties for the acquisition or construction of plant assets or the reduction of related debt must be accounted for in the Plant Replacement and Expansion Fund.

If expenditures for plant assets are made directly by the Unrestricted Fund for the Plant Replacement and Expansion Fund, a transfer must be made from the Plant Replacement and Expansion Fund to match such expenditures if such funds are available.

An example of the entries to record the required transfer in both funds is as follows:

	<u>Dr.</u>	<u>Cr.</u>
Transfer to Unrestricted Fund for Capital Outlay	xxx	
Due to Operating Fund		xxx
Due from Plant Replacement and Expansion Fund	xxx	
Transfers from Restricted Funds for Capital Outlay		xxx

To record transfer of funds for plant assets purchased by the Operating Fund for the Plant Replacement and Expansion Fund.

In general, due to/due from accounts are to be used only as an interim measure and should be reduced within a reasonable period of time by a transfer of assets (generally cash or investments) between the respective funds.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

PLANT REPLACEMENT AND EXPANSION FUND (continued)

1342

If expenditures for plant assets are made in the Plant Replacement and Expansion Fund, the plant assets must be transferred to the Unrestricted Fund, with the accompanying credit made to the Operating Fund Balance. In the Plant Replacement and Expansion Fund, Fund Balance would be debited, and a cash account credited. No entry would be made to the inter-fund payable or receivable accounts.

Income earned and any net realized gains on investments must be reflected as an addition to the fund balance if so specified by the donor. If available for general operating purposes, they must be included in non-operating revenue in the Unrestricted Fund.

SPECIFIC PURPOSE FUND

1343

The Specific Purpose Fund is maintained to account for funds received from outside agencies or individuals for the support of specific projects, such as specific research projects, education costs, etc. When separate accounting is required for specific grants or gifts, they must be recorded separately with the use of sub-accounts within the Fund Balance of this fund.

A Restricted Fund must be established whenever donors or other third parties provide gifts, bequests and grants to the facility that are restricted as to use. All costs incurred related to these activities must be expensed or, if these costs meet GAAP requirements, capitalized through the Unrestricted Fund. If these items are to be expensed, transfers from the Restricted Fund to the Unrestricted Fund are made to match these expenditures and are recorded as Other Operating Revenue.

ENDOWMENT FUND

1344

The Endowment fund is maintained to account for resources given to the hospital as a permanent fund or as a term endowment. Income from endowment funds may be restricted or unrestricted, according to the endowment contract. When term endowment funds become available to the governing board for unrestricted purposes, they must be reported as non-operating revenue in Net Assets Released from Restriction for Operations; if these funds are restricted, they should be shown as a transfer to the appropriate restricted fund and accounted for as restricted funds.

Income earned on endowment fund investments must be accounted for in accordance with the donors' instructions if restricted or as non-operating revenue in Unrestricted Net Assets if not restricted. However, Chapter 886 of the Commonwealth's Acts of 1975, the Uniform Management of Institutional Funds Law, may allow the governing board to utilize a portion of the unrealized and realized gain on investments as income currently in the "Total Return Concept."

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

INTERFUND TRANSACTIONS

1345

As is shown in the Chart of Accounts, the only liability accounts included in the restricted funds (i.e., all funds other than the Unrestricted Fund) are liabilities to other funds (with the exception of the Endowment Fund, which allows for the inclusion of certain liabilities on Endowment Fund assets.)

Thus, virtually all liabilities incurred by the hospital are to be recorded in the Unrestricted Fund. When these liabilities apply to restricted fund activities, a receivable from the applicable restricted fund must be recorded within the Unrestricted Fund. A payable to the Unrestricted Fund (or transfer of funds if paid immediately) as well as a reduction of the restricted fund balance is recorded within the applicable restricted fund.

All expenses relating to restricted fund activities must be recorded in the Unrestricted Fund in the cost center category to which they apply. This is true whether the actual expenditures of case are made from the Unrestricted Fund or a restricted fund. Separate cost centers must be established within each of these categories to record restricted activities for which separate accounting is required by the terms of the grant of gift.

POOLED INVESTMENTS

1360

Investments of various funds may be pooled unless prohibited by law or the terms of a donation or grant. Gains/losses and investment income on pooled investments must be distributed to participating funds on a basis utilizing market value.

The following example illustrates the market value method of distributing gains and income on pooled investments. Assume the following facts:

1. A hospital decided to create a pool of investments from funds provided from the following sources:

*Market Value at Inception of Pool

	<u>Amount</u>	<u>% to total pool</u>
Unrestricted Funds	\$1,000,000	20%
Endowment Funds (single endowment	\$3,000,000	60%
Plant Replacement and Expansion (PR&E) Funds	<u>\$1,000,000</u>	<u>20%</u>
	<u>\$5,000,000</u>	<u>100%</u>

***This serves as the initial distribution basis**

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

POOLED INVESTMENTS (continued)

1360

2. Gains/losses on the endowment funds must be added to or deducted from the principal; however, the investment income is available for unrestricted purposes under the terms of the gift.
3. Gains/losses and investment income for the plant replacement and expansion funds must be added to or deducted from fund balance pursuant to the wishes of the donor.
4. There were no gains/losses on the sale of investments for the first year the pool was in existence. The income generated by the pool for that year was \$400,000.
5. Any gains on investment sales and investment income are not reinvested in the investment pool. The cash is remitted to funds that are entitled to the gains and/or income.

The distribution of the income for the first year would be based on each participating fund's percentage (%) of the pool based on its contribution at market value at the initiation of the pool.

Therefore, the distribution would be as follows:

<u>Distributed To</u>	<u>Income Distributed</u>
Unrestricted Funds (total income of \$400,000 x 20%)	\$ 80,000
Endowment Funds (total income of \$400,000 x 60%)	\$240,000
PR&E Funds (total income of \$400,000 x 20%)	<u>\$ 80,000</u>
	<u>\$400,000</u>

An example of the accounting entries necessary to account for the distribution of income from the pooled investments would be as follows:

Cash	-	<u>Dr.</u>	<u>Cr.</u>
		\$320,000	
Unrestricted Income from Endowment Funds (non-operating revenue)			\$240,000
Income, Gains and Losses from Unrestricted Investments			\$80,000
To record the income from pooled investments for the year.			

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ACCOUNTING PRINCIPLES AND CONCEPTS

POOLED INVESTMENTS (continued)

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JOINT VENTURES AND INVESTMENTS IN OTHER ENTITIES

Many hospitals are entering into joint ventures and partnerships with physicians or other parties for a variety of reasons. How the hospital accounts for this depends primarily on two issues, percentage of ownership and influence.

The three possible methods for accounting for these investments are consolidation, the equity method or the cost method. An investment of the above nature should be consolidated if the hospital has a controlling interest. A controlling interest usually exists if the hospital owns more than 50% of the venture. An entity would also have a controlling interest if it were the only general partner. The equity method of accounting should be used when the investor has the ability to exercise significant influence over financial and operating policies of the investee. Significant influence can generally be defined as 20-50% ownership. The cost method should be used to account for investments when the hospital owns less than 20% and significant influence does not exist.

Consolidation:

Under the consolidation method the results of operations and financial position are presented as if the hospital and joint venture were essentially a single enterprise. The accounting would require the elimination of any inter-company balances and transactions and the recognition of any minority interest.

Equity:

Under the equity method the hospital's investment is initially recorded at cost and then the hospital adjusts the carrying amount to recognize their share of earnings or losses of the investment after the date of acquisition. Any dividend received from the investment reduces the carrying amount of the investment.

Cost Method:

Under the cost method the hospital's investment is recorded at cost. Any dividends received which are distributed from the net accumulated earnings of the investment since the date of acquisition by the hospital are recognized as income. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and recorded as reductions of cost of the investment.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

POOLED INVESTMENTS (continued)

1345

PP&E Fund

Cash \$ 80,000

Fund Balance \$80,000

To record the income from pooled investments for the year.

In the second year, the following facts are assumed:

1. On the first day of the year the hospital decided to add \$1,000,000 of unrestricted funds to the pooled investments. On that date, but prior to making the aforementioned addition, the pooled investments had the same cost, \$5,000,000, as at inception but a market value of \$6,000,000. There were no other additions to the pool during the year.
2. There were net gains on the sale of investments of \$100,000 for the year and the investment income was \$500,000 for the same period.

Based on the above facts, the distribution percentage (%) for the income and gains on pooled investments for each of the participating funds would be based on the market value of the investment pool as of the date of the last addition and would be calculated as follows:

Revised

Distribution Basis

Unrestricted Fund:	<u>Units</u>	<u>% to Total Units</u>
Market value \$6,000,000 x 20% (distribution % prior to addition)	\$1,200,000	
Addition to pool at fair value as of that date	<u>1,000,000</u>	
\$2,200,000	31.4%	

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

POOLED INVESTMENTS (continued)

1345

PP&E (continued)

Endowment Fund:	<u>Units</u>	<u>% to Total Units</u>
Market value \$6,000,000 x 60%		
(distribution % prior to addition-no new additions)	\$3,600,000	51.4%
 PR&E Fund:		
Market value \$6,000,000 x 20%		
(distribution % prior to addition-no new additions)	<u>\$1,200,000</u>	<u>17.2%</u>
	<u>\$7,000,000</u>	<u>100.0%</u>

The income and gains from pooled investments for the second year would be based on the newly computed distribution and would be as follows:

	<u>Current Distribution %</u>	<u>Gains to be Distributed</u>	<u>Income to be Distributed</u>
Unrestricted Funds	31.4%	\$ 31,400	\$157,000
Endowment Funds	51.4%	51,400	257,000
PR&E Funds	<u>17.2%</u>	<u>17,200</u>	<u>86,000</u>
	<u>100.0%</u>	<u>\$100,000</u>	<u>\$500,000</u>

The accounting entries necessary to reflect the above distribution would be as follows:

	<u>Dr.</u>	<u>Cr.</u>
Cash		\$445,400
Unrestricted Income from		
Endowment Funds (non-operating revenue)		\$257,000
Income, Gains and Losses from		
Unrestricted Investments		188,400

To record the income and gains on pooled investments attributable to these funds for the year

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

POOLED INVESTMENTS (continued)

1345

PERMANENTLY RESTRICTED NET ASSETS

Cash	\$ 51,400
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Fund Balance (gains on sales of investments)	\$ 51,400
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To record the gains and income on pooled investments attributable to this fund for the year.

PP&E FUND

Cash	\$103,200
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Fund Balance	\$103,200
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To record the gains and income on pooled investments attributable to this fund for the year.

As shown in the preceding example, each time an addition is made to the investment pool, a new distribution basis must be calculated. This is also true for any reductions to the pool. All gains/losses and investment income from the beginning of the accounting period up to the date of the addition must be determined and distributed on the basis of account balances prior to the addition. Any gains/losses and investment income subsequent to the addition would be distributed on the new basis until another addition or reduction is made.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

ACCOUNTING FOR PROPERTY, PLANT AND EQUIPMENT 1380

Classification of Fixed Asset Expenditures 1381

Property, Plant and Equipment and related liabilities must be recorded in the Unrestricted Fund, since segregation in separate funds would imply the existence of restrictions on the use of the asset. Cost of Construction in Progress and related liabilities should be recorded in or transferred to the Unrestricted Fund as incurred except for assets and liabilities related to certain debt agreements. See Section 1443, Accounting for Debt Proceeds, in this chapter.

CAPITALIZATION POLICY 1384

If a depreciable asset has at the time of its acquisition an estimated useful life of three or more years and a historical cost of at least \$5,000 for a quantity purchase, its cost must be capitalized, and written off ratably over the estimated useful life of the asset.

If a depreciable asset has a historical cost of less than \$5,000 for a quantity purchase, or if the asset has a useful life of less than three years, its costs are recorded in the year it is acquired, subject to the provisions of writing off the cost of minor movable equipment. The hospital may, if it desires, establish a capitalization policy with lower minimum criteria but under no circumstances may the above criteria be exceeded. Alterations and improvements which extend the life or increase the productivity or efficiency of an asset, as opposed to repairs and maintenance which either restore the asset to or maintain it at its normal or expected service life, must be capitalized and depreciated over their extended lives. Normal repair and maintenance costs are to be reported as expense in the current accounting period.

MINOR EQUIPMENT 1385

Minor equipment includes such items as waste baskets, bed pans, silverware, mops, buckets, etc. The general characteristics of this equipment are: (a) in general, no fixed location, and subject to use by various departments within a hospital; (b) comparatively small in size and unit cost; (c) subject to inventory control; (d) fairly large quantity in use; and (e) generally, a useful life of less than two years.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

MINOR EQUIPMENT (continued)

1385

There are four ways in which the cost of minor equipment may be recorded:

- a. The original cost of this equipment may be capitalized and not depreciated. Any replacements to this base stock would be charged to operating expenses. The amount of the base stock would be adjusted only if there were a significant change in the size of the base stock.
- b. The original investment in this equipment may be capitalized and written off over two years. All subsequent purchases would be written off over three years.
- c. All purchases of minor equipment may be capitalized and depreciated over their estimated useful lives.
- d. A hospital that has always expensed minor equipment will be allowed to continue to do so until a major increase is made at which time one of the above three methods must be selected.

Once a hospital has applied one of the first three methods, that method must be used consistently thereafter.

DEPRECIATION POLICIES

1387

Depreciation on plant assets used in the hospital's operations must be recorded as an operating expense in the Unrestricted Fund. The straight line method of depreciation must be used.

The estimated useful life of a depreciable asset is its normal operating or service life utilizing the most recent American Hospital Association guidelines. However, with the rapidly changing technology in hospitals, these guidelines may not be all inclusive; in which case, the expertise of the manufacturer or other reliable sources may be considered subject to the approval of the Division of Health Care Finance and Policy.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

DEPRECIATION POLICIES (continued)

1387

For reporting purposes each hospital must establish, and follow consistently from year to year, a policy relative to the amount of depreciation to be taken in the year of acquisition and disposal of depreciable assets. Examples of acceptable policies are:

--Computing first year depreciation based upon the portion of time the asset was in use during the year. That is, if a depreciable asset was received and in use in the hospital for eight months in the year of acquisition, two-thirds of a full year's depreciation expense would be recognized in that first year.

--Recording one-half of the yearly depreciation expense in the years of acquisition and disposal, regardless of the date of acquisition.

--Recording a full year's depreciation expense if the asset was acquired in the first half of the year. If the asset was acquired in the last half of the year, no depreciation expense would be recognized.

It should be noted that depreciation expense must be recorded until assets are put into use in hospital operations. Thus, no depreciation would be recorded relative to a new hospital building until that building was actually put into use.

TIMING DIFFERENCES

1390

Timing differences result when accounting policies and practices used in an organization's accounting differ from those used for reporting operations to governmental units collecting taxes or to outside agencies making payments based upon the reported operations. These differences must be recorded on the hospital's records when they arise. The reference relative to their acceptable accounting treatment is as follows:

- Income tax allocation
- Third-Party Cost Reimbursement

The following condensed income statement illustrates an example of a timing difference attributable to different methods of calculating depreciation expense for financial accounting versus tax or third-party reimbursement purposes.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

TIMING DIFFERENCES (continued)

1390

Assumptions:

1. Depreciation for accounting purposes is calculated on the straight-line method and amounts to \$10 for the current year.
2. Depreciation for tax and third-party reimbursement purposes is calculated on a declining balance method and amounts to \$20 for the current year.
3. The tax rate is 40%.
4. The third-party utilization is 50%.
5. The only deduction from revenue is the contractual allowance.

	<u>Accounting Records</u>	<u>Tax/Third-Party Cost Report</u>
Revenue	\$180	\$180
Deductions from Revenue (B)	<u>30</u>	(B) <u>25</u>
Net Revenue	<u>\$150</u>	<u>\$155</u>
Expenses (excluding depreciation)	110	110
Depreciation	<u>10</u>	<u>20</u>
Total Expenses before Taxes	<u>120</u>	<u>130</u>
Income before Taxes	30	25
Taxes (A)	<u>12</u>	(A) <u>10</u>
Net Income	<u>\$ 18</u>	<u>\$ 15</u>

(A) The income tax expense is comprised of three components:

1. \$10 currently payable, (2) \$4 payable in future periods representing the tax effect of the difference between depreciation expense for accounting and tax purposes ($40\% \times \$10 = \4), and (3) \$2 to be applied against tax liabilities in future periods, representing the tax effect relative to reimbursement caused by the difference between depreciation for accounting purposes and cost report purposes, computed as follows: 40% (tax effect) \times 50% (third party utilization) \times $\$10$ (difference between depreciation for accounting and cost report purposes) = \$2 or stated another way, it is the difference between the

TIMING DIFFERENCES (continued)

1390

deductions from revenue per the accounting records (\$30) and the Tax/Cost Report Records (\$25) times the tax rate of 40%. The journal entry to record these items is:

	<u>Dr.</u>	<u>Cr.</u>
Provision for Income Taxes -		
Federal - Current	\$12	
Provision for Income Taxes -		
Federal - Deferred	2	
Income Taxes Payable		\$10
Deferred Income Taxes Payable		4

(B) The deduction from revenue (contractual adjustments) is calculated as follows:

	<u>Accounting Records</u>	<u>Tax Cost Report</u>
Medicare Revenue (\$180 x 50%)	\$90	\$90
Reimbursable Costs:		
\$120 x 50%	60	
\$130 x 50%		<u>65</u>
Contractual Adjustment	<u>\$30</u>	<u>\$25</u>

Of the \$30 contractual adjustment for accounting purposes, \$25 is the current portion and \$5 is the deferred portion. The journal entry to record this expense is:

	<u>Dr.</u>	<u>Cr.</u>
Contractual Adjustment-Medicare	\$30	
Allowance for Contractual		
Adjustment-Medicare		\$25
Deferred Revenue-Medicare		5

CHAPTER I
ACCOUNTING PRINCIPLES AND CONCEPTS

ACCOUNTING FOR PLEDGES 1410

All pledges, less a provision for amounts estimated to be uncollectible, must be included in the hospital's accounting records. If unrestricted, they must be recorded as non-operating revenue. If restricted, they must be recorded as an addition to the appropriate restricted fund balance.

SELF INSURANCE 1420

A hospital which self insures a particular category of risk such as compensation, unemployment, or medical malpractice, may need to fund a large unexpected claim. This item should be accounted for according to generally accepted accounting principles (GAAP) unless state authority mandates otherwise, as in the case of medical malpractice, which is governed by Chapter 846 of the Acts of 1977, Establishment of Medical Malpractice Self-Insurance Trust Funds. The reimbursability of a hospital's annual contribution to self insurance will depend on specific programs, regulations, and requirements.

**DEBT FINANCING FOR PLANT REPLACEMENT
AND EXPANSION PURPOSES** 1440

Debt financing for plant replacement and expansion programs may take many forms. Under the terms of most debt financing agreements the debtor is required to perform or is prohibited from performing certain acts. In many instances debt financing gives rise to special accounting treatment because of discounts and premiums on bond issues, financing charges, formal restrictions on debt proceeds, and sinking and other required funds.

Discounts and Premiums on Bond Issues 1441

Discounts and Premiums arising from the issue of bonds must be amortized over the life of the related issue(s). Bond discounts must be recorded as a reduction of the related debt (Bonds Payable - Net of Unamortized Discount). Bond premium must be recorded as Other Deferred Credits.

Financing Charges 1442

Costs of obtaining debt financing other than discounts (e.g., legal fees, underwriting fees, special accounting costs) must be recorded as deferred costs and amortized over the life of the related debt.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

Accounting for Debt Proceeds

1443

Debt agreements for financing plant replacement and expansion programs may or may not require formal segregation of debt proceeds prior to their use. Proceeds which are not required to be formally segregated prior to their use must be recorded as other non-current assets in the Unrestricted Fund.

Accounting for Debt Proceeds

1443

For the purposes of this manual, all funds received from debt arrangements which require formal segregation and/or separate accountability shall be recorded in the Plant Replacement and Expansion Funds until such time as the project is completed and used. However, all construction in progress costs and all liabilities related to the debt arrangement and construction project shall be recorded in the Unrestricted Fund, as a separate category.

Sinking and Other Required Funds

1444

These funds are usually established to comply with loan provisions whereby specific deposits are to be used to insure that adequate funds are available to meet future payments of:

1. Interest and principal (retirement of indebtedness funds); or
2. Property insurance, related taxes, repairs and maintenance costs, equipment (escrow funds.)

Funds of this nature may also be required to be held by trustees outside the hospital. Income generated from the investment of such funds may be immediately available to the hospital or such income may be held by the trustee for some future designated purpose.

For the purpose of this manual all sinking and other required funds will be accounted for in the following manner:

1. All fund assets, whether trusteed or otherwise, must be recorded in the Unrestricted Fund as a non current asset. The only exception is when the funds are restricted by covenant agreement (Assets whose use is limited).

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

Sinking and Other Required Funds

1444

2. All income generated from the investment of such funds must be recorded as non-operating revenue in the Unrestricted Fund, except as required in Section 1386. Income generated from funds under covenant agreement may be accounted for as an addition to the appropriate restricted fund balance account.

Early Debt Retirement

1445

Many bond contracts provide for the calling of any portion or all of the issue at the option of the hospital at a stated price, usually above par, for the purpose of enabling the corporation to reduce its indebtedness before maturity as occasion arises, or to take advantage of opportunities to borrow on more favorable terms. Bonds are often retired piecemeal through sinking fund operations.

Costs incidental to the recall of bonds before their date of maturity are considered debt cancellation costs. Such costs include bond recall penalties, unamortized bond discounts and expenses, legal and accounting fees, etc. These costs must be reduced by any amortized bond premiums and recorded in the Unrestricted Fund in accordance with generally accepted accounting practices.

SPECIALIZED ACCOUNTING AREAS

1600-1999

DIRECT RECORDING OF COSTS

1610

The direct recording of costs is the process of identifying and assigning costs directly to the functional cost center generating those costs. Only those costs which meet the definitions and guidelines established within this section and in Chapter III, section 3200 will be directly recorded.

Movable Equipment

1612

The cost of depreciation and rent on movable equipment which is utilized solely by a functional cost center must be directly assigned to that functional cost center based upon specific identification through plant ledger records.

In those instances where the cost of depreciation or rent of movable equipment can be determined and the movable equipment is utilized by two or more functional cost centers, the depreciation or rent applicable to such movable equipment must be directly assigned to such functional cost centers based upon cost center usage.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

Movable Equipment

1612

For example, the hospital rents movable equipment which is used in the Pediatric Acute care cost center for the first six months of the hospital's accounting year and in the Burn Care cost center for the remaining six months of the hospital's accounting period. In this example, one half of the rent paid would be assigned to each cost center based upon actual time used in each cost center.

Salary and Employee Benefits

1613

The salary cost and employee benefits must be assigned directly to the functional cost center to which the employee is assigned. For example, the salary cost of direct nursing service must be directly assigned to the patient care cost centers receiving the service. This assignment must be based on each employee's actual nursing service hours performed within each patient care cost center multiplied by that employee's hourly salary rate while performing the direct nursing service.

It may not be based on the average hours worked or by any other such basis. For example, a nurse is assigned to work in various hospital cost centers (pediatric acute, intensive care unit, and pulmonary care unit) during a given payroll period. The hospital must specifically identify that portion of the particular nurse's salary attributable to each cost center. (See Nursing Float Personnel cost center.)

Plant Maintenance

1616

All direct costs incurred in the maintenance, repair and service of buildings, grounds, parking facilities, and equipment are included in the Plant Maintenance cost center.

Data Processing

1617

A-1 the direct costs incurred in operating an electronic data processing center shall be recorded in the Administration cost center.

Central Transportation

1618

Central Transportation costs are considered a part of the routine services function of a hospital. Therefore, all such costs, wherever they are incurred, should be transferred to and reported in appropriate Routine Care cost centers.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

Hospital Research and Education Cost

1630

All direct costs incurred in conducting hospital research and formal educational activities (as opposed to inservice education) must be recorded in Unrestricted Fund cost center accounts (Research Expenses) or (Education Expenses.)

Grant Accountability

1640

When separate accounting is required by law, grant contract, or donations restricted for research and educational activities, separate cost centers must be maintained. Transfers from restricted funds to match the expenditures for these activities must also be segregated into separate accounts. Thus, accountability is maintained for all restricted research and educational activities.

For any research project which involves a capital expenditure of \$150,000 or more and is initiated after the effective date of this manual, a hospital should be able to identify the capital costs including building and fixed depreciation and related expenses associated with the research area. Furthermore, the allocation of overhead expenses shall be subject to the reporting requirements to be set forth by the Rate Setting Commission. These will include, among others, separate metering to allocate utilities, separate housekeeping contracts and other directly segregated overhead expenses to the extent practicable.

Reporting of existing research projects and facilities, while not subject to these requirements, is encouraged to conform to them where possible.

The following example illustrates the accounting treatment of restricted grant activity:

Assume that a hospital received a specific research grant on December 1, which called for payment of direct costs incurred, plus an overhead allocation of 10 percent of such costs. On December 31, (the hospital's year end) \$150 of direct costs had been incurred. The following entries would be made in the hospital's accounting records on December 31:

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

Grant Accountability (continued) 1640

Unrestricted Fund

	<u>Dr.</u>	<u>Cr.</u>
Research Projects	\$150	
Cash		\$150
Due from Specific Purpose Fund	\$165	
Transfer from Restricted Funds for Research Expenses		\$165

To record specific research direct costs and to set up receivable and other operating revenue from restricted fund for direct costs plus overhead allocation.

Specific Purpose Fund

Fund balance - Transfers to Operating Fund for Operating Purposes	\$165	
Due to Operating Fund		\$165

To record liability to unrestricted fund for direct research costs and overhead allocation.

Postgraduate Medical Education 1650

Education costs incurred relative to postgraduate medical education must be reflected in the postgraduate medical education cost center in the Unrestricted Fund. Salaries, wages, and stipends paid to interns and residents of approved programs must be reflected in this cost center. Fees paid to a director of postgraduate medical education involved primarily in approved education programs must also be recorded in this cost center.

Inservice Education-Nursing 1660

Nursing inservice education activities are defined as educational activities conducted within the hospital for hospital nursing personnel. The cost of time spent by nursing personnel as students in such classes and activities must remain in the cost center in which their normal salary and wage costs are charged (i.e., the cost center in which they work.)

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

Inservice Education-Nursing (continued)

1660

However, the cost (defined as salary, wages, and payroll related fringe benefits) of time spent in such classes and activities by those instructing and administering the programs must be included in the Inservice Education-Nursing cost center.

If instructors do not work full-time in the inservice program, the cost (as defined above) of the portion of time they spend working in the inservice education program must be included in the Inservice Education-Nursing cost center.

The cost of nursing inservice education supplies (such as, cassettes, books, medical supplies, etc.) and outside lecturers must all be reflected in the Inservice Education-Nursing cost center.

Nursing inservice education does not include orientation of new employees. Such orientation costs must be charged to the cost center in which new employees are or will be assigned.

PHYSICIAN REMUNERATION

1670

Due to the numerous types of financial and work arrangements between hospitals and hospital-based physicians, comparability of costs between hospitals may be significantly impaired. This section deals with the methods to be used in recording costs and revenues related to the services of hospital-based physicians.

Financial Arrangements

1671

Although the variations in financial arrangements between hospitals and hospital-based physicians are endless, there are five general types of such arrangements:

1. **Agency Arrangement** - The hospital patients for the physician's professional services, but records these billings as liabilities and the subsequent payment to the physician as a reduction of that liability. The hospital reflects no operating revenue or expense relative to the professional component.
2. **Compensation Arrangement** - The hospital bills patients for the physician's contractual professional services, including this amount as hospital revenue. All cost center expenses are paid by the hospital. The hospital remits a fee or pays a salary to the physician which is included in hospital expense.

The compensation arrangement can be either fixed or variable. Under a fixed compensation arrangement the physician is paid a specific dollar amount (salary)

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

PHYSICIAN REMUNERATION

1670

unrelated to volume of services rendered. Under the variable compensation arrangement, the physicians compensation will be a percentage of the departmental gross charges or net collections. The actual compensation received by the physician will vary in proportion to the number of procedures performed and to the total charges made by the hospital.

3. **Contracted Arrangement** - Under this arrangement, the physician may pay any or all expenses of the cost center. The hospital bills patients for the departmental services and remits a fee to the physician. This fee would typically be designed to cover the expenses incurred by the physician plus his/her professional fee. Payments to the physician are recorded as Professional Fees.
4. **Rental Arrangement** - The physician bills the patients for certain of the Part A and part B component (as defined by Medicare) and incurs all substantial direct expenses. The physician remits a fee to cover certain hospital expenses. This fee is recorded as operating revenue in the appropriate revenue center.
5. **Independent/Separate Arrangement** - The functions are provided by an independent physician or group of physicians. Neither revenues nor expenses are incurred by the hospital. The hospital refers patients and/or specimens to the physician or group, which is usually located on separate premises. No costs are incurred and no revenue is received under this arrangement.

Work Arrangement

1672

The services provided by hospital-based physicians may be categorized into six types:

1. Professional Component - providing direct patient care.
2. Education - Teaching and supervision student activity in educational programs.
3. Research - Working on research projects.
4. Hospital Administration - Administering overall hospital activities.
5. Cost Center Supervision - Supervising activities of the cost center.
6. Medical Care Review - Serving on the hospital's Medical Care Review Committee.

When physicians are involved in more than one of the above functional activities, their remuneration, if any, must be recorded in the Cost Center for which services are paid. Prior to a trial balance, their remuneration must be reclassified to the appropriate Cost Centers.

CHAPTER I

ACCOUNTING PRINCIPLES AND CONCEPTS

Work Arrangement (continued)

1672

For example, if a physician is paid and spends 40 percent of his/her time in direct care of patients, 10 percent in educational activities, 15 percent in research, 5 percent in medical care review activities, 10 percent in administrative duties outside the department, and 20 percent in supervision of the department, the reclassification of his remuneration would be as follows:

40 percent Physician's Professional Component (This amount must be reported in the Medical Staff Services Cost Center.)

10 percent Education Costs

15 percent Research Projects

5 percent Medical Care Review

10 percent Hospital Administration

20 percent Cost Center Supervision (This amount remains in the Cost Center)

Computation: If the above physician is paid \$50,000 annually-including employee benefits, the following reclassifications would be required for reporting purposes:

Professional Component	40% of \$50,000 = \$20,000
Education	10% of \$50,000 = \$ 5,000
Research	15% of \$50,000 = \$ 7,500
Medical Care Review	5% of \$50,000 = \$ 2,500
Hospital Administration	10% of \$50,000 = \$ 5,000
Cost Center Supervisor	20% of \$50,000 = \$10,000

The reclassification of the professional component from the Assigned Cost Centers to the Medical Staff Services Cost Center is necessary in order to obtain comparable direct costs between hospitals which employ physicians and hospitals which do not.

The reclassification of the other components is to obtain functional comparability.

CHAPTER II AND III

Preface

Chapters 2 and 3 provide a detailed description of each Balance Sheet and Statement of Revenues and Expenses Account to be reported. A standard unit of measure is provided for each cost center.

CHAPTER II

DESCRIPTION OF ACCOUNTS

BALANCE SHEET	3100
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<u>UNRESTRICTED FUND ASSETS</u>	3110
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<u>CURRENT ASSETS</u>	3111
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CASH & CASH EQUIVALENTS

Cash and cash equivalents represent the amount of cash on deposit in banks and immediately available for use in financing Unrestricted Fund activities, amounts on hand for minor disbursements, amounts invested in savings accounts and certificates of deposit.

INVESTMENTS - SHORT TERM

Current securities and investments, evidenced by certificates of ownership or indebtedness, must be reflected in this account.

CURRENT PORTION OF ASSETS WHOSE USE IS LIMITED

This account is used to report funds whose use is limited either by the governing board, trust agreement or other third parties.

ACCOUNTS AND NOTES RECEIVABLE - PATIENTS

These accounts shall reflect the amounts due from hospital patients and their third party sponsors.

ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

This is a valuation (or contra-asset) account whose credit balance represents the estimated amount of uncollectible receivables from patients.

ALLOWANCE FOR THIRD-PARTY CONTRACTUALS

This is a valuation (or contra-asset) account whose credit balance represents the estimated amount of contractual from third party payors.

RECEIVABLES FROM THIRD-PARTY PAYORS

These accounts reflect the amount due from third-party programs based upon cost reports submitted and/or audited

CHAPTER II

DESCRIPTION OF ACCOUNTS

ACCOUNTS AND NOTES RECEIVABLE - OTHER

This account reflects amounts due from other than patients.

DUE FROM BOARD DESIGNATED ASSETS

DUE FROM PLANT REPLACEMENT AND EXPANSION FUND

DUE FROM SPECIFIC PURPOSE FUND

DUE FROM ENDOWMENT FUND

The balances in these accounts reflect the amounts due to the Operating Fund.

INVENTORIES

This balance reflects the cost of unused hospital supplies. Any generally accepted cost method (e.g., FIFO, LIFO, etc.) may be used, but the method used must be consistently applied from year to year. The extent of inventory control and detailed recordkeeping will depend upon the size and organizational complexity of the hospital.

PREPAID EXPENSES

The prepaid asset account represents costs incurred which are properly chargeable to a future accounting period.

OTHER CURRENT ASSETS

Other current assets not included elsewhere are contained in this account.

ASSETS WHOSE USE IS LIMITED

This balance includes assets whose use is limited either by the governing board, trust agreement, or other third parties, net of current portion.

OTHER ASSETS

3112

INVESTMENTS - LONG TERM

Long term investments, evidenced by certificates of ownership or indebtedness, must be reflected in this account.

CHAPTER II

DESCRIPTION OF ACCOUNTS

PROPERTY, PLANT AND EQUIPMENT

3113

LAND

The balance of this account reflects the cost of land used in hospital operations. Included here is the cost of off-site sewer and water lines, public utility charges for servicing the land, governmental assessments for street paving and sewers, the cost of permanent roadways and of grading of a non-depreciable nature, the cost of curbs and of sidewalks whose replacement is not the responsibility of the hospital, as well as other land expenditures of a non-depreciable nature. Unlike buildings and equipment, land does not deteriorate with use or with the passage of time; therefore, no depreciation is accumulated.

LAND IMPROVEMENTS

Accumulated Depreciation - Land Improvements

All land expenditures of a depreciable nature that are used in hospital operations are charged to this account. This would include the cost of on-site sewer and water lines; paving of roadways, parking lots, curbs and sidewalks (if replacement is the responsibility of the hospital) as well as the cost of shrubbery, fences, and walls.

BUILDINGS

Accumulated Depreciation - Buildings

The cost of all buildings and subsequent additions used in hospital operations shall be charged to this account. Included are all architectural, consulting and legal fees related to the acquisition or construction of buildings. Interest paid during construction financing is a cost of the building and is included in this account.

BUILDING IMPROVEMENTS

Accumulated Depreciation - Building Improvements

The cost of all building improvements used in hospital operations shall be charged to this account. Building improvements are typically substitutions of better assets and they should be capitalized if the expenditure increases the future service potential of the asset.

CHAPTER II

DESCRIPTION OF ACCOUNTS

FIXED EQUIPMENT

Accumulated Depreciation - Fixed Equipment

The cost of all fixed equipment used in hospital operations shall be charged to this account. Fixed equipment has the following general characteristics:

1. Affixed to the building, not subject to transfer or removal.
2. A life of more than three years, but less than that of the building to which it is affixed.
3. Used in hospital operations.

Fixed equipment includes such items as boilers, generators, elevators, engines, pumps and refrigeration machinery, including the plumbing, wiring, etc. necessary for equipment operations.

LEASEHOLD IMPROVEMENTS

Accumulated Depreciation - Leasehold Improvements

All expenditures for the improvement of a leasehold used in hospital operations shall be charged to this account.

MAJOR MOVABLE EQUIPMENT

Accumulated Depreciation - Major Movable Equipment

Equipment to be charged to this account has the following general characteristics:

1. Ability to be moved, as distinguished from fixed equipment.
2. A more or less fixed location in the building.
3. A unit cost large enough to justify the expense incident to control by means of an equipment ledger.
4. Sufficient individuality and size to make control feasible by means of identification tags.
5. A minimum life of usually three years or more.
6. **Used** in hospital operations (a piece of equipment which is temporarily out of service for some portion of the year will be included also)

Major movable equipment includes such items as automobiles and trucks, desks, beds, chairs, accounting machines, sterilizers, operating tables, oxygen tents and x-ray apparatus.

The balances in the accumulated depreciation accounts reflect the depreciation accumulated in the above mentioned assets used in hospital operations.

CHAPTER II

DESCRIPTION OF ACCOUNTS

MINOR EQUIPMENT

Equipment to be charged to this account has the following general characteristics:

1. Location generally not fixed; subject to requisition or use by various cost centers of the hospital.
2. Relatively small in size and unit cost.
3. Subject to storeroom control.
4. Fairly large number in use.
5. A useful life of less than three years.
6. Used in hospital operations.

Minor equipment includes such items as wastebaskets, bed pans, basins, glassware, silverware, pots, and pans, sheets, blankets, ladders, and surgical instruments.

CONSTRUCTION-IN-PROGRESS

Cost of construction that will be in progress for more than one month and will be used for hospital operations should be charged to these accounts. Upon completion of the construction program, these accounts should be credited and the appropriate asset account(s) debited.

INVESTMENT IN NON-OPERATING PROPERTY, PLANT, AND EQUIPMENT

3114

Accumulated Depreciation - Investments in
Non-Operating Property, Plant, and Equipment

These accounts include the cost (or fair market value at date of donation) of property, plant, and equipment not used in hospital operations and accumulated depreciation thereon.

INTANGIBLE ASSETS

3115

UNAMORTIZED BORROWING COSTS
PREOPENING AND OTHER ORGANIZATIONAL COSTS
OTHER INTANGIBLE ASSETS

These accounts are used to record intangible assets. If such intangibles are being amortized, the amortization may be directly credited to the asset account, or accumulated in a sub account. Unamortized Borrowing Costs includes such items as legal fees, underwriting fees, etc.

CHAPTER II

DESCRIPTION OF ACCOUNTS

RESTRICTED FUND ASSETS

3120

PLANT REPLACEMENT AND EXPANSION FUND ASSETS

3121

CASH

Cash for the replacement and expansion of plant assets is included in this account.

INVESTMENTS

The balance of this account reflects the cost of investments purchased with Plant Replacement and Expansion Fund cash and the fair market value (at the date of donation) of securities donated to the hospital for the purpose of plant renewal or replacement.

PLEDGES AND RECEIVABLES

Allowance for Uncollectible Pledges

The receivable and the allowance balance of this fund are reflected in these accounts.

OTHER TANGIBLE ASSETS

Other tangible assets of this fund are reflected in this account.

DUE FROM OPERATING FUND

DUE FROM BOARD DESIGNATED ASSETS

DUE FROM SPECIFIC PURPOSE FUND

DUE FROM ENDOWMENT FUND

The balance in these accounts represents the amount due to the Plant Replacement and Expansion Fund from the other funds. These accounts represent assets of the Plant Replacement and Expansion Fund which are currently accounted for in other funds.

SPECIFIC PURPOSE FUND ASSETS

3122

CASH

Cash for specific purposes, such as research and education, is included in these accounts.

CHAPTER II

DESCRIPTION OF ACCOUNTS

INVESTMENTS

The balance of this account reflects the cost of investments purchased with Specific Purpose Fund cash and the fair market value (at the date of donation) of securities donated to the hospital for specific purposes.

PLEDGES AND OTHER RECEIVABLES

Allowance for Uncollectible Pledges Receivable

The receivable and the allowance balance of this fund are reflected in these accounts.

OTHER TANGIBLE ASSETS

Other tangible assets of this fund are reflected in this account.

DUE FROM OPERATING FUND

DUE FROM BOARD DESIGNATED ASSETS

DUE FROM PLANT REPLACEMENT AND EXPANSION FUND

DUE FROM ENDOWMENT FUND

The balance in these accounts represents the amount due to the Specific Purpose Fund from the other funds. These accounts represent assets of the Specific Purpose Fund which currently are accounted for in other funds.

ENDOWMENT FUND ASSETS

3123

CASH

Cash restricted for endowment purposes is included in these accounts.

INVESTMENTS

The balance of this account reflects the cost of investments purchased with Endowment Fund cash and the fair market value (at the date of donation) of non-cash donations to the hospital for Endowment Fund purposes. Included would be such assets as Real Property and related accumulated Depreciation and Mortgages.

PLEDGES AND OTHER RECEIVABLES

Allowance for Uncollectible Pledges Receivable

The receivable and the allowance balance of this fund are reflected in these accounts.

OTHER TANGIBLE ASSETS

Other tangible assets of this fund are reflected in this account.

CHAPTER II

DESCRIPTION OF ACCOUNTS

DUE FROM OPERATING FUND

DUE FROM BOARD DESIGNATED ASSETS

DUE FROM PLANT REPLACEMENT AND EXPANSION FUND

DUE FROM SPECIFIC PURPOSE FUND

The balance in these accounts represents the amount due to the Endowment Fund from the other funds. These accounts represent assets of the Endowment fund which are currently accounted for in other funds.

UNRESTRICTED FUND LIABILITIES

3130

CURRENT LIABILITIES

3131

NOTES AND LOANS PAYABLE

OTHER NOTES AND LOANS PAYABLE

These accounts reflect liabilities of the hospital to vendors, banks, and others, evidenced by promissory notes due and payable within one year.

CURRENT PORTION OF LONG TERM DEBT

This account reflects the amount of long term debt payable within one year.

ACCOUNTS PAYABLE

The balance of this account must reflect the amounts due trade creditors and others for supplies and services purchased.

ACCRUED COMPENSATION

The balance of this account reflects the actual or estimated liabilities of the hospital for salaries and wages payable, as well as related amounts payable for payroll taxes withheld from salaries and wages, payroll taxes to be paid by the hospital and other payroll deductions, such as hospitalization insurance premiums.

ADVANCES FROM THIRD PARTY PAYORS

Include in this account liabilities to third party payors for current financing and other types of advances due and payable within one year. Do not include liabilities to third party payors arising from reimbursement settlements. Such liabilities must be included in Payable to Third Party Payors.

PAYABLE TO THIRD PARTY PAYORS

This account reflects reimbursement settlements due to third party payors.

CHAPTER II

DESCRIPTION OF ACCOUNTS

DUE FROM BOARD DESIGNATED ASSETS
DUE FROM PLANT REPLACEMENT AND EXPANSION FUND
DUE FROM SPECIFIC PURPOSE FUND
DUE FROM ENDOWMENT FUND

These accounts reflect the amounts due to other funds by the Unrestricted and Restricted. Under no circumstances should these accounts be construed as payables in the sense that an obligation external to the hospital exists.

DEFERRED REVENUE

Deferred revenue is defined as income received or accrued which is applicable to services to be rendered within the next accounting period and/or the current year's effect of deferred income items classified as non-current liabilities.

OTHER CURRENT LIABILITIES

Include in this account the amount of Operating Fund current liabilities for which special accounts have not been provided elsewhere.

LONG TERM DEBT

3132

MORTGAGES PAYABLE
CONSTRUCTION LOANS
CAPITALIZED LEASE OBLIGATIONS
BONDS PAYABLE
NOTES AND LOANS PAYABLE TO PARENT
OTHER NON-CURRENT LIABILITIES

These accounts reflect those liabilities that have maturity dates extending more than one year beyond the current year-end.

CHAPTER II

DESCRIPTION OF ACCOUNTS

BOARD DESIGNATED LIABILITIES

DUE TO OPERATING FUND	3134
DUE TO PLANT REPLACEMENT AND EXPANSION FUND	
DUE TO SPECIFIC PURPOSE FUND	
DUE TO ENDOWMENT FUND	

These accounts reflect the amounts due to other funds by Board Designated Assets.

RESTRICTED FUND LIABILITIES

3140

PLANT REPLACEMENT AND EXPANSION FUND LIABILITIES

3141

DUE TO OPERATING FUND
DUE TO BOARD DESIGNATED ASSETS
DUE TO SPECIFIC PURPOSE FUND
DUE TO ENDOWMENT FUND

These accounts reflect the amounts due to other funds by the Plant Replacement and Expansion Fund.

SPECIFIC PURPOSE FUND LIABILITIES

3142

DUE TO OPERATING FUND
DUE TO BOARD DESIGNATED ASSETS
DUE TO PLANT REPLACEMENT AND EXPANSION FUND
DUE TO ENDOWMENT FUND

These accounts reflect the amounts due to other funds by the Specific Purpose Fund.

ENDOWMENT FUND LIABILITIES

3143

DUE TO OPERATING FUND
DUE TO BOARD DESIGNATED ASSETS
DUE TO PLANT REPLACEMENT AND EXPANSION FUND
DUE TO SPECIFIC PURPOSE FUND

These accounts reflect the amounts due to other funds by the Endowment Fund.

CHAPTER II

DESCRIPTION OF ACCOUNTS

FUND BALANCES 3150

UNRESTRICTED FUND BALANCE 3151

FUND BALANCE
OPERATING FUND
BOARD DESIGNATED FUND
PLANT FUND
DEPRECIATION FUND

Unrestricted Fund balances represent the difference between the total of Unrestricted Fund Assets and Unrestricted Fund Liabilities, i.e., the net assets of the Unrestricted Fund.

PLANT REPLACEMENT AND EXPANSION FUND BALANCE

FUND BALANCE

-RESEARCH
-EDUCATION
-CHARITY
-OTHER

The credit balances of these accounts represent the net amount of each restricted fund's assets available for its designated purpose. These accounts must be credited for all income earned on restricted fund assets, as well as gains on the disposal of such assets.

CHAPTER II

DESCRIPTION OF ACCOUNTS

ENDOWMENT FUND BALANCE

FUND BALANCE

- TERM**
- PERMANENT**

The credit balances of these accounts represent the net amount of each restricted fund's assets available for its designated purpose. The accounts must be credited for all income earned on restricted fund assets, as well as gains on the disposal of such assets.

INVESTOR-OWNED CORPORATION

3152

STOCKHOLDER'S EQUITY

PREFERRED STOCK
COMMON STOCK
RETAINED EARNINGS
TREASURY STOCK
ADDITIONAL PAID-IN CAPITAL

The total of these equity accounts reflect the difference between the total assets and the total liabilities of the Investor-Owned Corporation.

INVESTOR-OWNED PARTNERSHIP OR SOLE PROPRIETOR

3153

CAPITAL - PARTNERSHIP OR SOLE PROPRIETOR CAPITAL
PARTNER'S DRAW

The total of these accounts represents the net assets of the Partnership, or Sole Proprietor.

CHAPTER III

DESCRIPTION OF ACCOUNTS

CHART OF ACCOUNTS - INCOME STATEMENT

3200

The Income Statement will reflect the financial results of a hospital during the specified reporting period. The data for this statement are accumulated in the revenue and expense accounts.

Hospitals are required to use revenue and expense accounts which have capitalized titles for reporting purposes when such a function as defined in this manual exists even though the activity is not separately organized within the hospital.

Where a function required by the reporting system is not separately organized within the hospital, but combined with one or more functions required by the reporting system, an analysis will be required to determine the gross revenue and direct expenses applicable to each required function. For instance, smaller hospitals may be combining the functions of Electrocardiography and Electroencephalography. In such cases, it is necessary to determine the total direct revenue and direct costs relative to the two different types of services rendered.

The gross revenue recorded in each required revenue account must be the actual gross revenue attributable to such identified function. The expenses recorded in each required expense account must represent the direct expenses related to such identified function. The direct expenses related to such function may be determined based upon analysis. The analysis plan used by the hospital need not conform to the strict mathematical concepts inherent to statistical sampling. The recommended approach to be used to sample statistics is as follows;

1. A minimum of 4 months will be selected each year for the accumulation of data.
2. These 4 months will be representative of the full year. In order to achieve this, the hospital will select a one month block within each fiscal quarter for the collection of data.
3. The same one month block need not be used for all statistics.
4. During the testing period, actual counting, weighing, etc. will be done for all shifts involved in the particular area.
5. Periods of "unusual" circumstances should be avoided. The principle of representative samples is the ultimate goal.

It should be noted that reclassification must be made only for material amounts of misplaced costs.

CHAPTER III

DESCRIPTION OF ACCOUNTS

All accounts presented in capitalized letters must be reported by the hospital where the related item or function exists in that hospital. Generally, a hospital will not be granted an exception to the establishment of an account solely because of accounting difficulty.

OPERATING REVENUE ACCOUNTS - GENERAL

3210

Hospital revenue consists mainly of the value, at the hospital's full established charges, of all hospital services rendered to patients, regardless of amounts actually paid to the hospital by or on behalf of patients. The objective of patient service revenue accounting should be that of compiling a complete and accurate record, on the accrual basis, of gross revenue, accumulated by revenue centers and by various inpatient and outpatient classifications, and a record of revenue deductions, classified by type. In many instances, the hospital receives nothing, or less than its established charges for the services it renders. It is important to develop information that reflects both the potential total revenue and the revenue "losses" resulting from the inability to collect established rates for the service provided.

Patient service revenues must be reported in such a manner as to identify clearly these revenues with the discrete patient care cost center of the hospital. Measurements of revenues of each revenue producing cost center are needed for comparison with the expenses of the center.

In addition to patient service revenue, hospitals obtain revenue from sources and activities only indirectly related to patient care. These "other" operating revenues typically consist of tuition revenue, parking lot revenue, cafeteria sales, etc.

Regardless of the source of hospital revenue, it is important that it be reported on the accrual basis. This system of reporting requires that revenue be recognized in the time period it is earned, irrespective of the timing of the cash flow between the hospital and other parties.

The operating revenue accounts used to report to the Division are classified into four categories:

1. ROUTINE CARE SERVICES

This group of accounts in the Division's reports is used to record the gross revenue, measured in terms of the hospital's full established charges, earned from routine services rendered to inpatients, and outpatients. These revenues must be recorded at the hospital's full established charges, regardless of the amounts actually collected.

Inpatient routine services generally are those services included by the provider in a daily service charge -- sometimes referred to as the "room and board" charge. Included in routine services are the regular room, dietary and nursing services, minor medical and surgical supplies, medical social services, and the use of certain equipment and facilities for which the hospital does not customarily make a separate charge.

CHAPTER III

DESCRIPTION OF ACCOUNTS

2. ANCILLARY SERVICES

The group of accounts is used to record the gross revenues measured in terms of the hospital's charge earned from ancillary services. Ancillary services generally are those special services for which charges are customarily made in addition to routine charges and include such services as laboratory, diagnostic radiology, surgical services, etc. Generally ancillary services are billed as separate items when the patient receives these services.

3. OTHER OPERATING REVENUE

This group of accounts is used to record all operating revenues other than those that are directly associated with patient care.

4. DEDUCTIONS FROM REVENUE

This group of accounts is used to record reductions in gross revenue arising from bad debts, contractual adjustments, free care, administrative, courtesy, policy discounts, adjustments and other.

OPERATING REVENUE ACCOUNTS - DESCRIPTIONS

3220

Patient Revenue Account Descriptions

3221

The descriptions of the patient revenue accounts in the following section are extremely brief. This is due to the fact that detailed descriptions of the functions or types of activities to be included in each cost center are included in the cost center descriptions which follow. The revenue relative to these functions and activities must be recorded in the revenue account matching the cost center in which the costs are recorded. For example, charges for Pediatric Acute services are recorded in Pediatrics Acute and the cost of the services are recorded in Pediatrics Acute. Thus a matching of revenues and expenses is achieved within each cost center.

ROUTINE INPATIENT CARE SERVICES - REVENUE

- Medical/Surgical Acute
- Pediatric Acute
- Psychiatric Acute
- Obstetrics Acute
- Other Acute Care
- Definitive Observation (Step Down)
- Medical/Surgical Intensive Care
- Coronary Care
- Pediatric Intensive Care
- Neo-Natal Care

CHAPTER III

DESCRIPTION OF ACCOUNTS

ROUTINE INPATIENT CARE SERVICES - REVENUE (Cont.)

- Burn Care
- Psychiatric Intensive Care
- Other Intensive Care
- Newborn Nursery
- Special Care Nursery
- Skilled Nursing Care - Medicare Non-Certified
- Skilled Nursing Care - Medicare Certified
- Chronic and Rehabilitative
- Other, Specify

OTHER ROUTINE CARE SERVICES

- Emergency Services
- Clinic or Ambulatory Services
- Satellite Clinic Services
- Home Dialysis Program
- Ambulatory Renal Dialysis
- Self-Care Dialysis Unit
- Ambulatory Surgery Services
- Psychiatric Day and Night Care Services
- Home Health Services
- Other Ambulatory Services

ANCILLARY CARE SERVICES

- Labor and Delivery Services
- Other Organ Acquisition
- Surgical Services
- Ambulance Services
- Recovery Room
- Anesthesiology
- Laboratory
- Electrocardiology
- Blood
- Blood Processing and Storage
- Cardiac Catheterization Laboratory
- Radiology - Diagnostic
- Radiology - Computerized Tomography
- Radiology - Therapeutic
- Electroencephalography
- Electromyography
- Respiratory Therapy

CHAPTER III

DESCRIPTION OF ACCOUNTS

Pulmonary Function Testing
Intravenous Therapy
Physical Therapy
Occupational Therapy
Speech-Language Therapy
Recreational Therapy
Audiology
Other Physical Medicine
Psychology
Renal Dialysis
Kidney Acquisition

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER OPERATING REVENUE ACCOUNT DESCRIPTIONS

3222

TRANSFERS FROM RESTRICTED FUNDS FOR RESEARCH EXPENSES

This account reflects the amount of transfers from restricted funds to the Operating Fund to match expenses incurred in the current period by the Operating Fund for restricted fund research activities.

TRANSFERS FROM RESTRICTED FUNDS FOR EDUCATION PURPOSES

This account reflects the amounts of transfers from restricted funds to the Operating Fund to match expenses incurred in the current period by the Operating Fund for restricted fund educational activities.

RN AND LPN EDUCATION

POSTGRADUATE MEDICAL EDUCATION

These accounts are used to record the revenue from the Schools of Nursing, and postgraduate medical education.

CAFETERIA SALES

This account is used for the revenues earned in the hospital cafeteria for meals served to employees and others. Also included is revenue from employees and others for meals, even if the hospital does not operate a hospital cafeteria.

LAUNDRY AND LINEN SERVICES

This account shall be credited for revenues earned by providing laundry services to other organizations (both related and unrelated) and to employees and students housed on hospital property.

EMPLOYEE AND STUDENT HOUSING

This account is used to record revenue from room (or cot) rentals provided for employees and students.

PURCHASING SERVICE

This account shall be credited for revenues earned by providing purchasing services to other organizations (both related and non-related).

PARKING

Amounts received from visitors, employees, and others in payment of parking privileges shall be recorded in this account.

HOUSEKEEPING SERVICES

This account shall be credited for revenues earned by providing housekeeping services to other organizations (both related and non-related).

CHAPTER III

DESCRIPTION OF ACCOUNTS

DATA PROCESSING SERVICES

This account shall be credited for revenues earned by providing data processing services to other organizations (both related and non-related).

TELEPHONE AND TELEGRAPH

Amounts received from patients, employees, and others in payment of hospital telephone and telegraph services shall be credited on this account.

SALES OF ABSTRACTS/MEDICAL RECORDS

This account is credited for medical records transcript and abstract fee.

DONATED COMMODITIES

Donated medicines, blood, linen, office supplies and other materials which would normally be purchased by a hospital shall be recorded at fair market value in this account.

CASH DISCOUNTS ON PURCHASES

The amounts of cash discounts taken by the hospital on purchases shall be recorded in this account. Trade discounts, however, shall be treated as reductions in the cost of items purchases.

SALE OF SCRAP AND WASTE

This account shall be used to record the revenue from the sale of miscellaneous scrap and waste.

REBATES AND REFUNDS

This account shall be used to record the revenue from rebates and refunds of expense.

GIFT SHOP AND COFFEE SHOP

This account shall be used to record the revenue of a gift shop and/or coffee shop.

BAD DEBT RECOVERIES

This account shall be used to record revenue received for bad debts previously written off by the hospital.

GAIN (LOSS) ON DISPOSALS OF EQUIPMENT OR PROPERTY

This account is credited for gains and debited for losses arising as a result of the disposal of hospital equipment of property.

VENDING MACHINE COMMISSIONS

Commissions earned by the hospital from coin-operated telephones and vending machines shall be credited to this account.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER COMMISSIONS

Commissions earned by the hospital, other than commissions from coin-operated telephones and vending machines, shall be recorded in this account.

TELEVISION/RADIO RENTALS

This account shall be used to record the revenue from television and radio rentals, when the activity is hospital conducted.

MANAGEMENT SERVICES

This account shall be credited for revenues earned by providing management services to other organizations (both related and non-related).

OTHER OPERATING REVENUE

This account shall be credited with other operating revenue not included elsewhere.

TRANSFERS FROM RESTRICTED FUNDS FOR OTHER OPERATING EXPENSES

This account reflects the amount of transfer from restricted funds to the Unrestricted Fund to match expenses incurred in the current period by the Unrestricted Fund for restricted fund activities.

DEDUCTIONS FROM REVENUE

3223

PROVISION FOR BAD DEBTS

This account shall contain the hospital's estimates of the amounts of accounts and notes receivable that are likely to be credit losses.

CONTRACTUAL ADJUSTMENTS

These accounts must be charged with the differential (if any) between the amount, based on the hospital's full established charges, of contractual patient's charges for hospital services which are rendered during the reporting period and are covered by the contract, and the amount received and to be received from third-party agencies in payment of such charges, including adjustments made at year-end, based upon Cost Reports submitted.

Prior period contractual revenue adjustments normally would also be reflected in these accounts rather than in the Fund Balance or Retained Earnings accounts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

Should the hospital receive more than its established charges from an agency, the differential is credited to these accounts.

In any instance, of course, when the difference between a patients' bill and the payment received by the hospital from a third party agency is recoverable from the patient, the differential is retained in Accounts Receivable until it is paid or until it is deemed to be a bad debt and is written off.

FREE SERVICE AND ALLOWANCE

- Free Service - General
- Courtesy and Miscellaneous
- Employees
- Hill-Burton
- Other

This account must be charged with the differential between the amount, based on the hospital's full established charges, for free service and allowances to patients, employees and others for hospital services and the amount (if any) to be received from such patients in payment for such services.

In order to distinguish properly between patients whose uncollectible bills should be considered as charity/uncompensated care write-offs and patients whose uncollectible bills should be considered as bad debts, all patients should be classified at the time of admittance, or as soon after as soon after as it is possible, as being charity/uncompensated (full or partial) or paying patients. There may be some instances in which, because of complications unforeseen at the time of admission, the charges made to a patient turn out to be considerably greater than anticipated, and the patient is unable to pay the full amount. In such cases, the patient would be reclassified as a charity/uncompensated care patient, and the charges attributed to the unforeseen complications would be considered charity service. Uncollectible charges made to patients classified as paying patients - except for contractual adjustments, policy discounts and administrative adjustments - should be treated as credit losses, i.e., as bad debts.

PATIENT CARE AND OTHER OPERATING EXPENSE ACCOUNTS - GENERAL

3230

Expenses are expired costs, that is, costs that have been used up in carrying on some activity during the accounting period and from which no future measurable benefit will be obtained. Hospital expenses consist primarily of employee compensation, but substantial amounts of expense are in the form of supplies used, utilities, repairs, insurance, depreciation and other items.

Hospitals are required to use in the required reports all revenue and expense accounts which have capitalized titles when such a function as defined in this manual exists even though the activity is not separately organized within the hospital.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PATIENT CARE AND OTHER OPERATING EXPENSE ACCOUNTS - DESCRIPTION 3240

The following pages contain detailed descriptions of the functions or types of activities to be included in each cost center and the name and definition of the applicable standard unit of measure.

The Standard Units of Measure must be maintained as defined and tabulated on an actual basis for all cost centers. With prior approval from the Division of Health Care Finance and Policy, statistical sampling techniques as defined in Section 3200 may be used for overhead departmental standard units of measure only.

MATERIALITY LIMIT

It would be noted that reclassification must be made for material amounts of misplaced costs. Material is defined, for the purposes of this manual, as an amount equivalent to an aggregate amount of misplaced costs equal to the higher of \$5,000 or 5% of the direct costs of the functional cost center to or from which the costs would be reclassified.

CHAPTER III

DESCRIPTION OF ACCOUNTS

ROUTINE INPATIENT CARE EXPENSES

3241

MEDICAL/SURGICAL ACUTE

Function

Medical/Surgical Acute Care Units provide nursing care to patients requiring acute care on the basis of physician's orders and approved nursing care plans. Additional activities include, but are not limited to, the following:

Serving and feeding of patients; collecting sputum, urine, and feces samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparation of equipment and assisting of physicians during patient examination and treatment; changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering of patients call signals; keeping patients rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to Medical/Surgical patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PEDIATRIC ACUTE

Function

Pediatric Acute Care Units provide nursing care to Pediatric patients (in general, children less than 14 years) in pediatric nursing units on the basis of physician's orders and approved nursing care plans. Additional activities include, but are not limited to the following:

Serving and feeding of patients; collecting of sputum, urine and feces samples; monitoring of vital life signs; operation of specialized equipment related to this function; preparing of equipment and assisting of physicians during patient examination and treatment; changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing the patients for reaction to drugs; administering specified medication; answering of patients call signals; keeping patients rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to pediatric patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation /rental/lease/on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PSYCHIATRIC ACUTE

Function

Psychiatric Acute Care Units provide nursing care to patients admitted for diagnosis as well as treatment on the basis of physician's orders and approved nursing care plans. The units are staffed with nursing personnel specially trained to care for the mentally ill, mentally disordered, or other mentally incompetent persons. Additional activities include, but are not limited to the following:

Serving and feeding of patients; collecting sputum, urine, and feces samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during patient examination and treatment; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering of patients' call signals; keeping patients' rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to Psychiatric patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Patient Days

Report patient days for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OBSTETRICS ACUTE

Function

The provision of nursing care to the mother following delivery on the basis of physician's orders and approved nursing care plans is provided in the Obstetrics Acute Care Unit. Provision of nursing care to non-infectious gynecology patients may also take place in this unit. Additional activities include, but are not limited to, the following:

Instructing of mothers in postnatal care and care of the newborn; serving and feeding of patients; collecting of sputum, urine, and feces samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assistance of physician in changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering of patients call signals; keeping patients rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside nursing care to Obstetrics patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER ACUTE CARE

Function

Other Acute Care Units provide acute nursing care to patients on the basis of physician's orders and approved nursing care plans. Included are those units not required to be included in other specific Acute Care cost center. Additional activities include, but are not limited to, the following:

Serving and feeding of patients; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment related to this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing of wounds and incisions; observing and recording emotional stability to patients; assisting in bathing patients for reaction to drugs; administering specified medication; answering of patients call signals; keeping patients rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to Other Acute Care patients not required to be included in other specific Acute Care cost centers. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

DEFINITIVE OBSERVATION (STEP DOWN)

Function

Definitive Observation (Step Down) is the delivery of care to patients requiring care more intensive than that provided in the acute care areas yet not sufficiently intensive to require admission to an intensive care area. Patients admitted to this cost center are generally transferred there from an intensive care unit after their condition has improved.

The unit is staffed with specially trained nursing personnel and contains monitoring and observation equipment for intensified, comprehensive observation and care. Additional activities include, but are not limited to serving and feeding of patients, collecting of sputum, urine and feces samples; monitoring of vital life signs, operating specialized equipment related to this function: preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reactions to drugs; administering specified medication; answering of patients call signals, keeping patients rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to Definitive Observation (Step Down) patients. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchases services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

MEDICAL/SURGICAL INTENSIVE CARE

Function

A Medical/Surgical Intensive Care Unit provides nursing care of a more intensive nature than that provided to the Medical and Surgical Acute patients. The unit is staffed with specially trained nursing personnel and contains monitoring and specialized support equipment for patients who, because of shock, trauma, or threatening conditions, require intensified comprehensive observation and care. Additional activities include, but are not limited to the following:

Serving and feeding of patients; collecting of sputum, urine and feces samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during patient examination and treatment; changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; infusing fluids, including I.V.'s and blood; answering of patients call signals; keeping patients rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing intensive daily bedside care to Medical/Surgical Intensive Care patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

CORONARY CARE

Function

The delivery of nursing care of a more specialized nature than that provided to the usual Medical, Surgical and Pediatric patient is provided in the coronary Care Unit. The unit is staffed with specially trained nursing personnel and contains monitoring and specialized support or treatment equipment for patients who, because of heart seizure or threatening conditions, require intensified, comprehensive observation and care. Additional activities include, but are not limited to, the following:

Serving and feeding of patients; collection of sputum, urine and feces samples, monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during patient examination and treatment; changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering of patients call signals; keeping patients rooms (personal effects) in order.

Description

These cost centers contain the direct expenses incurred in providing intensive daily bedside care to Coronary Care patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to each of these units. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PEDIATRIC INTENSIVE CARE

Function

A Pediatric Intensive Care Unit provides nursing care to children (in general, less than 14 years of age) of a more intensive nature than the usual Pediatric Acute level. The units are staffed with specially trained personnel and contain monitoring and specialized support equipment for patients who, because of shock, trauma, or threatening conditions, require intensified, comprehensive observation and care. Additional activities include, but are not limited to, the following:

Serving and feeding of patients; collecting of sputum, urine and feces samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during patient examination and treatment; changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering of patients call signals; keeping patients rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to Pediatric Intensive Care patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, equipment, other direct expenses and transfers.

Standard Unit of Measure

Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

NEONATAL INTENSIVE CARE

Function

A Neonatal Intensive Care Unit provides care to newborn infants who are less than 23 days old upon admission that is of a more intensive nature than care provided in newborn nursery units. Costs for all beds assigned to the neo-natal service (i.e., intensive, intermediate and growing and recovery) must be shown here and must conform to the service designation recognized under the Department of Public Health's Standards and Criteria. Care is provided on the basis of physician's orders and approved nursing care plans. The units are staffed with at least one board certified neonatologist, specially trained nursing personnel, and also contain specialized support equipment for treatment of those newborn infants who require intensified, comprehensive observation and care. Additional activities include, but are not limited to the following:

Feeding infants; collecting sputum, urine, and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during infant examination and treatment; changing dressings and cleansing wounds and incisions; bathing infants, observing patients for reactions to drugs; and administering specified medication.

Description

This cost center contains the direct expenses incurred in providing intensive daily bedside care to Neonatal Intensive Care patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/lease/rental on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

BURN CARE

Function

A Burn Care Unit provides care to severely burned patients requiring a more intensive nature than the usual acute nursing care provided in medical and surgical units. Burn units are staffed with specially trained nursing personnel and contain specialized support equipment for burn patients who require intensified, comprehensive observation and care. Additional activities include, but are not limited to:

Serving and feeding of patients; collecting sputum, urine and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing patients for reactions to drugs; administering specified medication; answering of patients call signals; keeping patients' rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing intensive daily bedside care to burn care patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/ rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PSYCHIATRIC INTENSIVE CARE

Function

Psychiatric Intensive Care Unit provides nursing care to psychiatric patients which is of a more intensive nature than the usual nursing care provided in Psychiatric Acute Units. The unit may be an isolation or a locked unit. The units are staffed with specially trained nursing personnel and contain monitoring and specialized support equipment for patients who, because of shock, trauma, or threatening conditions, require intensified, comprehensive observation and care. Additional activities include, but are not limited to, the following:

Serving and feeding of patients; collecting of sputum, urine and feces samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during patient examination and treatment; observing and recording emotional stability of patients, assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering patients' call signals; keeping patients' rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to Psychiatric Intensive Care patients. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER INTENSIVE CARE

Function

Other Intensive Care Units provide patient care of a more intensive nature than that provided to the Medical and Surgical Acute patients. The unit is staffed with specially strained nursing personnel and contains monitoring and specialized support equipment for patients who require intensified comprehensive observation and care. Included are those units not required to be included in other specific intensive care cost centers. Additional activities include, but are not limited to, the following:

Serving and feeding of patients; collecting sputum, urine and feces samples; monitoring vital life signs; operating specialized equipment related to this function; preparing equipment and assisting physicians during patient examination and treatment; changing dressings and cleansing wounds and incisions; observing and recording emotional stability of patients; assisting bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering patients' call signals; keeping patients' rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing intensive daily bedside care to Other Intensive Care patients in those units not required to be included in other specific Intensive Care Cost centers. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

NEWBORN NURSERY

Function

Daily care for newborn infants (including those babies who remain in the nursery after the mother is discharged) is provided in Newborn Nursery units on the basis of physicians' orders and approved nursing care plans. This cost center included all newborn and premature nursery costs except Department of Public Health designated neonatal intensive care units which are reported separately. Additional activities include, but are not limited to, the following:

Feeding of infants; collecting of sputum, urine and feces samples; monitoring of vital life signs; operation of specialized equipment related to this function; preparation of equipment and assistance of physician in changing of dressing and cleansing of wounds and incisions; bathing of infants; observing patients for reaction to drugs; administering specified medication.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to Newborn Nursery patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Newborn Patients Days

Report patients days of care for all infant patients admitted to this unit. Include the day of admission but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one newborn patient day. The number of newborn nursery patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

SPECIAL CARE NURSERY

Function

Daily care for premature infant (infants born at any time through the 37th week of gestation 259 days) is provided in these nursery units on the basis of physicians' orders and approved nursing care plans. Additional activities include, but are not limited to the following:

Feeding infants; collecting sputum, urine and feces samples; monitoring vital life signs; operating specialized equipment needed for this function; preparing equipment and assisting physicians during infant examination and treatment; changing dressings or assisting physicians in changing dressings and cleansing wounds and incisions; bathing infants; observing patients for reactions to drugs; administering specified medication.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to Special Care Nursery patients. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all infant patients admitted to this unit. Include the day of admission but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one newborn patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

SKILLED NURSING CARE - MEDICARE NON-CERTIFIED

Function

Skilled Nursing Care is provided to patients on the basis of physicians' orders and approved nursing care plans and consists of care in which the patient require convalescent and/or restorative services at a level less intensive than the Medical, Surgical, and Pediatric acute care requirements. This center is sometimes referred to as Extended Care. Additional activities include but are not limited to, the following:

Serving and feeding of patients; collecting of sputum, urine and feces samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during patients' examinations and treatments; changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering of patients' call signals; keeping patients' rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to patients requiring extended skilled nursing care usually lasting 30 days or more. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

SKILLED NURSING CARE - MEDICARE CERTIFIED

Function

Skilled Nursing Care is provided to patients on the basis of physicians' orders and approved nursing care plans and consists of care in which the patients require convalescent and/or restorative services at a level less intensive than the Medical, Surgical, and Pediatric acute care requirements. This center is sometimes referred to as Extended Care. Additional activities include but are not limited to, the following:

Serving and feeding of patient; collecting of sputum, urine and feces samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during patients' examinations and treatments; changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering of patients' call signals; keeping patients' rooms (personal effects) in order.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to patients requiring extended skilled nursing care usually lasting 30 days or more. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PSYCHIATRIC LONG TERM CARE

Function

Medical care, nursing services, and intensive supervision of chronically mentally ill, mentally disordered, or other mentally incompetent persons is rendered in the Psychiatric Long Term Care Unit.

Description

This cost center contains the direct expenses incurred in providing daily care to Psychiatric Long Term patients. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/leased on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census accounts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

INTERMEDIATE CARE - (LEVEL III)

Function

Intermediate Care is the provision of supportive, restorative, and preventive services in conjunction with a socially oriented program for patients, and the maintenance and operation of 24-hour services including board, room, personal care, and continuous nursing service under the direction of a professional nurse.

Description

This cost center contains the direct expenses incurred in providing daily services to patients requiring intermediate nursing care. Included in direct expenses are salaries and wages, employee benefits, physician compensating, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census accounts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

RESIDENTIAL CARE

Function

Residential Care is the provision of safe, hygienic, sheltered living for residents not capable of fully independent living. Regular and frequent, but not continuous, medical and nursing services are provided. Also included is self care. Self-care units provide supportive, restorative, preventive health care for ambulatory patients who are capable of caring for themselves under the supervision of a professional nurse. The unit is used by recovering patients who are making the transition to discharge or by patients who are undergoing tests and medical evaluation who require a minimal amount of nursing supervision. These patients generally eat in a central dining facility and do not require bedside nursing care.

Description

This cost center contains the direct expenses incurred in providing residential care to patients. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit. Include the day of admission,, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

CHRONIC AND REHABILITATION

Function

A Chronic Care Unit is devoted to the care and treatment of patients whose condition requires frequent physician visits in addition to skilled nursing and regular intervention by other therapists and technicians. The illness is expected to continue for an extended period.

A Rehabilitation Unit is devoted to the provision of comprehensive services to patients with primarily physical handicaps. Although coordinated to minimize the patients' mental, social and vocational disadvantages the course of treatment is limited to the period in which the patient continues to make progress towards his treatment goal.

Description

This cost center/centers contains the direct expenses incurred in providing daily bedside care to the Chronic and Rehabilitative patients. Included in direct expenses are salaries and wages, employee benefits, physician compensating, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to each of these units. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER, Specify

for example, Alcohol and Drug Rehabilitation
Alcohol and Drug Detoxification

Function

This cost center/centers should be used for all other services not mentioned in the previous routine inpatient care centers.

Description

This cost center contains the direct expenses incurred in providing daily bedside care to other patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Patient Days

Report patient days of care for all patients admitted to this unit/units. Include the day of admission, but not the day of discharge or death. If both admission and discharge or death occur on the same day, the day is considered a day of admission and counts as one patient day. The number of patient days shall be taken from daily census counts.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER ROUTINE CARE EXPENSES

3242

EMERGENCY SERVICES

Function

Emergency Services provides emergency treatment to the ill and injured who require immediate medical or surgical care on an unscheduled basis. Additional activities include, but are not limited to, the following:

Comforting patients; maintaining aseptic conditions; assisting physicians in performance of emergency care; monitoring of vital life signs; applying or assisting physician in applying bandages; coordinating the scheduling of patient through required professional service functions; administering specified medications.

Description

This cost center contains the direct expenses incurred in providing emergency treatment to the ill and injured. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Visits

A visit is each registration of a patient in the emergency services unit of the hospital. Multiple services performed in the emergency services unit during a single registration, e.g., (encounters with two or more physicians, two or more occasions of service, any combination of one or more encounters and occasions of service) are recorded as one visit. Services provided to emergency patients in ancillary cost centers are not included here, but are included in the applicable ancillary cost center. The number of visits shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

CLINIC OR AMBULATORY SERVICES

Function

Clinics or ambulatory care services provide organized diagnostic, preventive, curative, rehabilitative, and educational services on a scheduled basis to ambulatory patients. Additional activities include, but are not limited to, the following:

Participating in community activities designed to promote health education; assisting in administration of physical examinations and diagnosing and treating ambulatory patients having illnesses which respond quickly to treatment; referring patients who require prolonged or specialized care to appropriate other services; assigning patients to doctors in accordance with clinic rules; assisting and guiding volunteers in their duties; making patients' appointments through required professional service functions.

Description

These cost centers contain the direct expenses incurred in providing clinic services to ambulatory patient. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Visits

A visit is each registration of a patient in a formally organized clinic of the hospital. Multiple services performed in one clinic are recorded as one visit. If a patient visits two or more clinics (i.e., ENT and Orthopedics) the appropriate number of visits shall be counted (in the above example, two). Visits made by clinic patients to ancillary cost centers are not included here but are accumulated in the appropriate ancillary cost center.

CHAPTER III

DESCRIPTION OF ACCOUNTS

SATELLITE CLINIC SERVICES

Function

Satellite Clinics provide organized diagnostic, preventive, curative, rehabilitative, and educational services on a scheduled basis to ambulatory patients at locations other than on the hospital grounds. Additional services include, but are not limited to, the following:

Participating in community neighborhood activities designed to promote health education, assisting in administration of physical examinations and diagnosing and treating ambulatory patients having illnesses which respond quickly to treatment; referring patients who require prolonged or specialized care to appropriate other services; assigning patients to doctors in accordance with clinic rules, assisting and guiding volunteers in their duties; making patients' appointments through required professional service patients' appointments through required professional service functions.

Description

This cost center contains the direct expenses incurred in providing clinic services to ambulatory patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment other expenses and transfers.

Standard Unit of Measure: Number of Visits

A visit is each registration of a patient in a satellite clinic of the hospital. Multiple services performed in one clinic are recorded as one visit. If a patient visits two or more clinics within a satellite clinic that shall count as two or more visits. The number of visits shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

HOME DIALYSIS PROGRAM

Function

The Home Dialysis Program provides home dialysis support services for dialysis patients capable of administering their own treatment in their home. This program obtains or arranges for the provision of:

- a. Medically necessary dialysis equipment as prescribed by the attending physician;
- b. Dialysis equipment installation, maintenance, and repair services;
- c. All necessary home dialysis medical supplies; and
- d. The services of trained home dialysis aides, where necessary.

Additional activities include, but are not limited to, the following:

Periodic monitoring of the patient's home adaptation to self-dialysis in accordance with patient care plans; home visits by qualified provider personnel; testing and appropriate treatment of water, reconditioning dialysis equipment.

Description

This cost center contains the direct expenses incurred in providing support services to self-care home dialysis patients. The cost of home dialysis supplies which are charged to a patient and the cost of dialysis equipment sold and rented to a patient is included here, not in the Medical Supplies Sold cost center.

Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Treatments

Count each treatment, regardless of the length of the treatment, as one. The number of treatments shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

AMBULATORY RENAL DIALYSIS

Function

Ambulatory Renal Dialysis is the process of cleansing the blood of outpatients (in a discrete unit) by the use of an artificial kidney machine or other method. Additional activities include, but are not limited to, the following:

Explaining procedures to patient; operating dialysis equipment; inspecting, testing and maintaining special equipment.

Description

This cost center contains the direct expenses associated with a separately identifiable Renal Dialysis outpatient service. When a common Renal Dialysis room is used for both inpatients and outpatients, the direct costs for both must be accumulated in Renal Dialysis (Account 7710). Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses are transfers.

Standard Unit of Measure: Number of Treatments

Count each treatment for which a separate charge is made as one treatment regardless of the length of the treatment. The number of treatments shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

SELF-CARE DIALYSIS UNIT

Function

This cost center provides support services, equipment, and supplies in a discrete area of the facility for ambulatory dialysis patients who have been trained for self-dialysis. Additional activities include, but are not limited to the following:

Inspecting, testing, and maintaining special equipment.

Description

This cost center contains the direct expenses incurred in support of self-care dialysis services in a discrete area of the facility. The cost of supplies which are charged to a patient is included here not in the Medical Supplies Sold Cost Center. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Number of Treatments

Count each treatment, regardless of the length of the treatment, as one. The number of treatments shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

AMBULATORY SURGERY SERVICES

Function

Ambulatory Surgery Services are those surgical services provided to outpatients (in a discrete) outpatient surgical suite by specially trained nursing personnel who assist physicians in the performance of surgical and related procedures both during and immediately following surgery. Additional activities include, but are not limited to, the following:

Comforting patients in the operating room; maintaining aseptic techniques; scheduling operations in conjunction with surgeons; assisting surgeon during operations; preparing for operations; cleaning up after operations to the extent of preparation for pick-up and disposal of used linen, gloves, instruments, utensils, equipment, and waste; arranging sterile setup for operation; assisting in preparing patients for surgery; inspecting, testing and maintaining special equipment related to this function; preparing patient for transportation to recovery room; counting of sponges, needles, and instruments used during operation; enforcing of safety rules and standards; monitoring of patient while recovering from anesthesia.

Description

This cost center contains the direct expenses associated with a separately identifiable outpatient surgery room. When a common operating room is used for both inpatients and outpatients, the direct costs for both should be accumulated in the "Surgical Services". Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Visits

A visit is each registration of a patient in the ambulatory surgery unit of the hospital. Multiple services performed in one visit are recorded as one visit. The number of visits shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PSYCHIATRIC DAY AND NIGHT CARE SERVICES

Function

The Psychiatric Day and Night Care services provides intermittent care to patients either during the day with the patient returning to his home at night or during the evening and night hours with the patient performing his usual daytime functions.

Description

This cost center contains all the direct expenses of maintaining Psychiatric Day and Night Care Services. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Visits

A visit is each registration of patient in a formally organized Psychiatric Day and Night Care Unit of the hospital. Multiple services performed in the Psychiatric Day and Night Care unit during a single registration, e.g., (Encounters with two or more physicians, two or more occasions or service, any combination of one or more encounters and occasions of service) are recorded as one visit. The number of visits shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

HOME HEALTH SERVICES

Function

Home Health Services is the provision of care to patients normally at their place of residence. Activities such as the following functions may be performed for patients outside the hospital: nursing care, intravenous therapy, respiratory therapy, electrocardiology, physical therapy, occupational therapy, recreational therapy, speech pathology, social service, dietary, and housekeeping.

Description

This cost center contains the direct expenses incurred in providing care to patients normally at their place of residence. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, travel to and from the patients' residence, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Visits

A home health visit is a personal contact in the place of residence of a patient for the purpose of providing a service by a member of the staff of the home health agency or by others under contract or arrangement with the home health agency. If a visit is made simultaneously by two or more persons from the home health agency to provide a single service, for which one person supervises or instructs the other, it is counted as one visit (see example 1). If one person visits the patient's home more than once during a day to provide services, each visit is recorded as a separate visit (see Example 2). If a visit is made by two or more persons from the home health agency for the purpose of providing separate and distinct types of services, each is recorded-i.e., two or more visits (see Example 3). The number of resident visits shall be the actual count.

Example 1 - if an occupational therapist and an occupational therapy assistant visit the patient together to provide therapy and the therapist is there to supervise the assistant, one visit is counted.

Example 2 - If a nurse visits the patient in the morning to dress a wound later must return to replace a catheter, two visits are counted. However, if the nurse visits the patient in the morning to dress a wound and replace a catheter, one visit is counted.

Example 3 - If the therapist visits the patient for treatment in the morning and the patient is later visited by the assistant for additional treatment, two visits are counted.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER AMBULATORY SERVICES

Description

This cost center contains the direct expenses incurred in maintaining ambulatory services not specifically required to be included in Emergency Services, Clinic Services, Ambulatory Renal Dialysis, Ambulatory Surgery Services, Psychiatric Day and Night Care Services, Ambulance Services, Free Standing Clinics Services, or Home Health Services Cost Centers. Included in direct expenses are salaries employee benefits, professional fees, supplies, purchased services, other direct expenses and transfers.

Standard Unit of Measure

Number of Visits

CHAPTER III

DESCRIPTION OF ACCOUNTS

ANCILLARY EXPENSES

3243

LABOR AND DELIVERY SERVICES

Function

Labor and Delivery services are provided by specially trained personnel to patients in Labor and Delivery, including prenatal care in labor, assistance in delivery, postnatal care in recovery, and minor gynecological procedures, postnatal care in recovery, and minor gynecological procedures, if performed in the Delivery suite. Additional activities include, but are not limited to, the following:

Comforting patients in the labor and delivery and recovery rooms; maintaining aseptic techniques; preparing for deliveries and surgery; cleaning up after deliveries to the extent of preparation for pickup and disposal of used linen, gloves, instruments, utensils, equipment, and waste; arranging sterile setup for deliveries and surgery; preparing patient for transportation to delivery room and recovery room; enforcing of safety rules and standards; monitoring of patients while in recovery.

Description

This cost center contains the direct expenses incurred in providing care to maternity patients in labor, delivery, and recovery rooms. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Procedures and Weighted Circumcisions

Report multiple births as one procedure. Include Cesarean sections only when they are performed in delivery room. One Cesarean should be counted as three delivers. Stillbirths are counted as procedures. Cesarean sections performed in the Surgical suite shall be included in the operating room statistics and infants born outside the hospital building are not to be classified as a procedure. Whenever gynecological procedures such as abortions, D & C's, etc. are performed in Labor and Delivery, each procedure performed is counted as one. Seven circumcisions are to be classified as one delivery if performed in the delivery suite. The number of procedures shall be an actual count.

CHAPTER III
DESCRIPTION OF ACCOUNTS

RECOVERY ROOM

Function

Recovery Services are provided by specially trained personnel immediately following surgery, including monitoring of patients while recovering from anesthesia. Additional activities include, but are not limited to the following:

Comforting patients in the recovery room, maintaining aseptic techniques, monitoring of vital life signs, operating of specialized equipment related to this function, administering specified medication, observing patient's condition until all effects of the anesthesia have passed, preparing patient for transportation to acute care or intensive care units.

Description

This cost center contains the direct expenses incurred in monitoring of patients while recovering from anesthesia. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Recovery Room Minutes

Recovery Room minutes is the difference between time of admission to recovery room and time of discharge from the unit. The number of Recovery Room minutes shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

ANESTHESIOLOGY

Function

Anesthesia services are rendered in the hospital by, or under the direction of, either a physician trained in Anesthesia or the operating surgeon. Additional activities include, but are not limited to, the following: recording kind and amount of anesthetic administered; conducting physical examination of the patient; observing patient's condition until all effects of the anesthesia have passed; obtaining laboratory findings before anesthetic is administered; administering treatment to patients having symptoms of post-anesthetic complication; accompanying patient to recovery room or intensive care units; prescribing pre- and post-anesthesia medications; establishing and carrying out safeguards for administration of anesthetics.

Description

This cost center contains the direct expenses incurred in administering anesthetics under the direction of a physician. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Anesthesia Minutes

Anesthesia minutes are defined as the difference between starting time and ending time defined as follows:

Starting time begins with the administration of the anesthetic agent in the operating room. Ending time is when the anesthetic procedure terminates in the operating or delivery room. The time the anesthesiologist spends with the patient in the recovery room is not to be counted. The number of anesthesia minutes shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

INTRAVENOUS THERAPY

Function

The intravenous Therapy cost center reflects the cost of the infusion of I.V. fluids. This includes, but is not limited to, the cost of a special nurse team and the cost of solutions. The cost of I.V. additives should remain in Pharmacy and the cost of I.V. sets should remain in Central Services and Supplies.

Description

This cost center contains the direct expenses incurred in the Intravenous Therapy cost center. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of I.V. Bags Used

Count each I.V. bag used as one. The number of I.V. bags shall be obtained from an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

DRUGS - SPECIAL

Function

This ancillary cost center contains direct expenses related to drugs directly charged to various departments. All shared costs of non-chargeable drugs must be recorded using Pharmacy and allocated to the various departments based on costed requisitions through overhead allocation.

Description

This cost center contains the direct expense related to the actual invoice cost of drugs used in various departments. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Costed Requisitions

CHAPTER III

DESCRIPTION OF ACCOUNTS

MEDICAL SUPPLIES – SPECIAL

Function

This ancillary cost center contains direct expenses related to medical supplies directly charged to various departments. All shared costs of non-chargeable supplies must be recorded using Central Services and Supplies and allocated to the various departments based on costed requisitions through overhead allocation.

Description

This cost center contains the direct expense related to the actual invoice cost of medical supplies used in various departments. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Costed Requisitions

CHAPTER III

DESCRIPTION OF ACCOUNTS

LABORATORY

Function

This department performs diagnostic and routine clinical laboratory tests necessary for the diagnosis and treatment of hospital patients. Additional activities include, but are not limited to, transporting specimens from nursing floors and operating rooms; drawing of blood samples; caring for laboratory animals and equipment; maintaining quality control; mortuary operation; autopsy; and preparation of samples for testing.

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Description

This cost center contains the direct expenses incurred in the performance of laboratory tests necessary for diagnosis and treatment. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Tests

Tests. In recording tests, work related quality control standards, calibration standards, specimen collection, duplicates, and repeats are not included. Tests shall be maintained and reported for laboratory services obtained from outside laboratories. The number tests shall be an actual count.

CHAPTER III
DESCRIPTION OF ACCOUNTS

BLOOD

Function

This department procures and collects whole blood and blood derivatives. This department also recruits donors.

Description

This cost center contains the direct expenses incurred in procuring and drawing blood, and recruiting and paying donors. Direct expenses include salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expense, and transfers. Do not include in this cost center the expenses incurred in performing tests on blood (i.e., typing, crosshatching, etc). These expenses must be charged to Laboratory Services.

The cost of blood (amount paid or fair market value) is charged to this cost center, or an inventory account if applicable, rather than debited to revenue or cleared through an agency account. When blood is purchased, cost is the amount paid. The service fee charged by the outside blood sources is charged to Blood Processing and Storage. When blood is donated, cost is its fair market value at the date of donation and an offsetting credit is made to Donated Blood.

If replacement blood is received by a hospital blood bank, the original amount charged the patient is debited to this cost center and credited to the patient's account. If replacement blood is received by the hospital's blood supplier, the credit received by the hospital from the supplier is debited to the amount due the supplier and credited to the patient's account.

Standard Unit of Measure: Units

Units In recording units, work related to quality control standards, calibration standards, specimen collection, duplicates, and repeats are not included. Units shall be maintained and reported for laboratory services obtained from outside laboratories. The number of units shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

BLOOD PROCESSING AND STORAGE

Function

This cost center processes, preserves, stores, and issues whole blood and blood derivatives after it has been procured. Additional activities include, but are not limited to, the following: producing blood derivatives from whole blood; plasma fractionation, freezing and thawing blood, and maintaining inventory control.

Description

This cost center contains the direct expenses incurred in processing, storing, and issuing whole blood and blood derivatives after it has been procured. Direct expenses include salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers. Include in this cost center the cost of spoiled or defective blood, and the service fee charged by outside blood sources, whether or not the blood is replaced. Do not include in this cost center the expenses incurred in performing tests on blood (i.e., typing, cross-matching, etc.). These expenses must be charged to Laboratory Services. The cost of blood procurement must be charged to the Blood cost center.

Standard Unit of Measure:

Units

Units. In recording Units, work related to quality control standards, calibration standards, specimen collection, duplicates, and repeats are not included. Units shall be maintained and reported for laboratory services obtained from outside laboratories. The number of units shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

ELECTROCARDIOLOGY

Function

This department operates specialized equipment to record electromotive variations in actions of the heart muscle on the electrocardiograph for diagnosis. Additional activities may include, but are not limited to, the following: wheeling portable equipment to patient's bedside; explaining test procedures to the patient; operating electrocardiograph equipment; inspecting, testing and maintaining special equipment, attaching and removing electrodes from the patient.

Description

This cost center contains the direct expenses incurred in performing electrocardiographic examinations. Direct expenses include salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Tests

Tests. Work related to quality control standards, calibration standards, specimen collection, duplicates, and repeats is not included. Tests shall be maintained and reported for services obtained from outside. The number of tests shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

CARDIAC CATHETERIZATION LABORATORY

Function

The Cardiac Catheterization Laboratory provides special diagnostic procedures such as catheterization required for care of patients with cardiac conditions.

Description

This cost center shall contain the direct expenses incurred in providing cardiac catheterization diagnostic examinations. Direct expenses include salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Procedures

Count each cardiac catheterization procedure for which a charge is made as one procedure. The number of procedures shall be an actual count.

CHAPTER III
DESCRIPTION OF ACCOUNTS

DIAGNOSTIC RADIOLOGY

Function

This department provides diagnostic radiology services as required for the examination and care of patients under the direction of a qualified radiologist. Angiocardiology and Ultrasonography services are reported in this cost center. Computerized Tomography Services are reported as a separate cost center. Diagnostic radiology services include the taking, processing, examining and interpreting of radiographs, ultrasonograms and fluorographs. Additional activities include, but are not limited to, the following: Consultation with patients and attending physician; radio-active waste disposal; storage of radioactive materials.

Description

This cost center contains the direct expenses incurred in providing diagnostic radiology services. Direct expenses include salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Tests

Tests: The number of tests shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

THERAPEUTIC RADIOLOGY

Function

This department provides therapeutic radiology services as required for the care and treatment of patients under the direction of a qualified radiotherapist. Therapeutic radiology services include therapy by radium and radioactive substances. Additional activities may include, but are not limited to, the following: consultation with patients and attending physician; radioactive waste disposal; storage of radioactive materials.

Description

This cost center contains the direct expenses incurred in providing therapeutic radiology services. Direct expenses include salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Visits

Visits: The number of visits shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

COMPUTERIZED TOMOGRAPHY (CT SCAN)

Function

This department provides diagnostic computerized tomography services as required for the examination and care of patients under the direction of a qualified radiologist. Diagnostic computerized tomography services include the taking, processing, examining and interpreting of scans or cross sectional images of the head and other parts of the body. Additional activities may include, but are not limited to, the following consultation with patients and attending physician; radioactive waste disposal; storage of radioactive materials.

Description

This cost center contains the direct expenses incurred in providing diagnostic radiology services. Included as direct expenses are: salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Number of Patients Scanned

A scan is a per patient procedure which may consist of a routine or a multiple scan. A routine scan is a scan or any number of scanning slices with or without contrast. A multiple scan is a procedure consisting of a routine scan or any number of slices without contrast followed by a scan or any number of slices with contrast. The number of scans shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

NUCLEAR MEDICINE

Function

This department provides diagnostic or therapeutic services in the administration of radio-active isotopes as required for the care and treatment of patients under the direction of a qualified physician. Additional activities include, but are not limited to, consultation with patient and attending physician; radioactive waste disposal; storage of radioactive materials.

Description

This cost center contains the direct expenses incurred in providing diagnostic nuclear medicine services to patients. Included as direct expenses are salaries and wages, employee benefits, physician compensation, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Tests

Tests: The number of tests shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

RESPIRATORY THERAPY

Function

Respiratory therapy is the administration of oxygen and certain potent drugs through inhalation of positive pressure and other forms of rehabilitative therapy as prescribed by physicians. This function is performed by specially trained personnel who initiate, monitor, and evaluate patient performance, cooperation, and ability during testing procedures. Additional activities include, but are not limited to, assisting physician in the performance of emergency care; reviving and maintaining patients' vital life signs; maintaining open airways, breathing, and blood circulation; maintaining aseptic conditions; transporting equipment to patients' bedsides; observing and instructing patients during therapy; visiting all assigned patients to ensure that physicians' orders are being carried out; inspecting and testing equipment; enforcing safety rules; and calculating test results.

Description

This cost center contains the direct expenses incurred in the administration of oxygen and other forms of therapy through inhalation. Included in direct expenses are salaries and wages, employee benefits, professional fees, supplies, purchased services, other direct expenses, and transfers.

Standard Unit of Measure:

Number of Treatments

Count each procedure for which a charge is made as one treatment. Oxygen charges would be reported as one per day regardless of service time. All-inclusive rate hospitals should count treatments as if a charge were to be made. The number of treatments shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PULMONARY FUNCTION TESTING

Function

This cost center tests patients through measurement of inhaled and exhaled gases and analysis of blood, and evaluation of the patient's ability to exchange oxygen and other gases. This function is performed by specially trained personnel who initiate, monitor and evaluate patient performance, cooperation, and ability during testing procedures.

Description

This cost center contains the direct expenses incurred in the performance of patient and laboratory testing necessary for diagnostic and treatment of pulmonary disorders. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, other direct expenses, and transfers.

Standard Unit of Measure:

Tests

Tests: The number of tests shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

ELECTROENCEPHALOGRAPHY (EEG)

Function

This cost center operates specialized equipment to record electromotive variations in brain waves on an electroencephalograph for diagnosis.

Description

This cost center contains the direct expenses incurred in performing electroencephalographic examinations. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Tests

Tests: The number of tests shall be the actual count.

CHAPTER III
DESCRIPTION OF ACCOUNTS

ELECTROMYOGRAPHY (ELEC)

Function

This cost center operates specialized equipment to record electrical potential variations on an electromyograph for diagnosis of muscular and nervous disorders. Additional activities include, but are not limited to, the following:

Wheeling portable equipment to patient's bedside; explaining test procedures to patient; operating electromyographic equipment; inspecting, testing and maintaining special equipment; attaching and removing electrodes from patients.

Description

This cost center contains the direct expenses incurred in providing electromyographic services. Included as direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Tests

Tests: The number of tests shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PHYSICAL THERAPY

Function

The Physical Therapy cost center provides physical or corrective treatment of bodily or mental conditions by the use of physical, chemical and other properties of heat, light, water, electricity, sound, massage, therapeutic exercise under the direction of a physician and/or registered physical therapist. The physical therapist provides evaluation, treatment planning, instruction and consultation. Activities include, but are not limited to, the following:

Application of manual and electrical muscle tests and other evaluative procedures; formulation and provision of therapeutic exercise and other treatment programs; organizing and conducting physical therapy programs upon physician referral or prescription; instructing and counseling patients, relatives, or other personnel; consultation with other health workers concerning a patient's total treatment program; assistance by aides to patients in preparing for treatment and performance of routine housekeeping activities of the physical therapy service.

Description

This cost center contains the direct expenses incurred in maintaining a physical therapy program. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation\ rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Treatments

Count each procedure for which a separate charge is made as one treatment. Physical Therapy charges would be reported as one per day regardless of service time. The number of treatments shall be obtained from an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OCCUPATIONAL THERAPY

Function

Occupational Therapy is the application of purposeful, goal-oriented activity in the evaluation, diagnosis, and/or treatment of persons whose function is impaired by physical illness or injury, emotional disorder, congenital or developmental disability, or the aging process, in order to achieve optimum functioning, to prevent disability, and to maintain health. Specific occupational therapy services include, but are not limited to, educational and training in activities of daily living (ADL), the design, fabrication, and application of splints, sensorimotor activities, the use of specifically designed crafts, guidance in the selection and use of adaptive equipment; therapeutic activities enhance functional performance; prevocational evaluation and training, and consultation concerning the adaptation of physical environments for the handicapped. These services are provided to individuals or groups.

Description

This cost center contains the direct expenses incurred in maintaining as occupational therapy program. Included in direct expense are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/leases on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Treatments

Count each procedure as one treatment. In group sessions, the number of treatments would be equal to the number of patients in the group. Count only those procedures which are charged for. The number of treatments shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

SPEECH-LANGUAGE PATHOLOGY

Function

This cost center provides and coordinates services to persons with impaired functional communication skills. This includes the evaluation and management of any existing disorders of the communicative process centering entirely or in part on the reception and production of speech and language related to organic and/or non-organic factors. Professional services provided by this cost center are grouped into a minimum of three major areas: Diagnostic assessment and Evaluation--including clinical appraisal of speech, voice and language competencies, through standardized and other tests, to determine need for and types of rehabilitation required; Rehabilitation Treatment--including planning and conducting treatment programs, on an individual or group basis, to develop, restore or improve communicative efficiency of persons disabled in the processes of speech, voice and/or language; and Continuing Evaluation/Periodic Reevaluation--including both standardized and informal procedures to monitor progress and verify current status. Such activities may be coordinated with medical evaluation and treatment of hospitalized patient. Additional activities include, but are not limited to, the following: preparation of written diagnostic, evaluative and special reports; provision of extensive counseling and guidance to communicatively-handicapped individuals and their families; and maintaining specialized equipment utilized in evaluation and treatment, such as auditory training instruments and speech-production prostheses.

Description

This cost center contains the direct expenses incurred in maintaining a Speech-Language Pathology Cost Center. Any expenses related to the sale of speech prostheses or other communication aids must not be included here, but accounted in the Medical Supplies Sold Cost Center. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciated/rental/leases of major movable equipment, other direct expenses and transfers.

Standard Units of Measure:

Number of Sessions

Count each evaluation and each treatment session for which there is a charge as one session. For group activities, count as one session each patient participating in the session. The number of sessions shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNT

RECREATIONAL THERAPY

Function

Recreational Therapy services include the employment of sports, dramatics, arts and other recreational programs to stimulate the patients' recovery rate. Additional activities include, but are not limited to conducting and organizing instrumental and vocal musical activities and directing activities of volunteers in respect to these functions.

Description

This cost center contains the direct expenses incurred in maintaining a program of recreational therapy. Included as direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Treatments

Count each procedure for which a separate charge is made as one treatment. The number of treatments shall be obtained from as actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

AUDIOLOGY

Function

This cost center provides and coordinates services to persons with impaired peripheral and/or central auditory function. This includes the detection and management of any existing communication handicaps centering in whole or in part on the hearing function. Some of the activities of this cost center are; audiologic assessment (including basic audiometric testing and screening, examination for site of lesion, non-organic hearing loss and various parameters of auditory processing abilities essential for communication function); hearing aid evaluation, selection, orientation, adjustment and other technical related services; and audiologic habilitation including the development, remediation or conservation of receptive and expressive language abilities. Such activities are coordinated with medical evaluation and treatment of hospital patients. Additional activities include, but are not limited to, demonstrating and evaluation amplification devices and alerting systems; evaluating excessively noisy environments; writing special reports; providing extended counseling and guidance, inspecting, testing and maintaining special equipment.

Description

This cost center contains the direct expenses incurred in maintaining an Audiology Cost Center. The expense related to the sale of hearing aids must not be included here but accounted in the Medical Supplies Sold Cost Center. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/rental/leases on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Procedures

Count each procedure for which a charge is made as one procedure. Based on the recommendations of the American Speech and Hearing Association, these procedures should be classified as follows:

1. Audiometric screening and identification
2. Basic audiologic testing (including pure tone and speech threshold tests, speech discrimination tests and basic impedance tests).
3. Audiologic evaluation for site of lesion (including Bekesy audiometry, tone decay tests, loudness balance tests, special impedance tests, SISI test, distorted speech tests, competing speech tests and other measures of peripheral and central auditory structures).
4. Audiologic evaluation for nonorganicity
5. Pediatric audiologic assessment (including conditional response audiometry, play audiometry and sound field response assessment)
6. Electrophysiologic audiologic measures (including electroencephalographic, brainstem and electrocochleographic procedures)
7. Hearing aid evaluation and selection
8. Audiologic habilitation (including hearing aid orientation, counseling, analysis of auditory processing abilities, auditory and visual communication training, speech, language and hearing therapy).
9. Audiologic technical services (including hearing aid adjustment, electroacoustic evaluation, noise survey analysis, special report writing, etc.)

CHAPTER III

DESCRIPTION OF ACCOUNTS

PSYCHOLOGY

Function

This department provides diagnosis and treatment by psychologists as required for the care and treatment of patients under the direction of a qualified physician. Additional activities include, but are not limited to, consultation with patient and attending physician, Individual, Group and Family Therapy, Bio-Feedback Training, Psychological Testing, Electroconvulsive Therapy and other Psychiatric/Psychological Services.

Description

This cost center contains the direct expenses incurred in providing psychological services to patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Treatments

Count each procedure for which a separate charge is made as one treatment or session. The number of treatments shall be obtained from an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

RENAL DIALYSIS

Function

Renal Dialysis is the process of cleaning the blood by the use of an artificial kidney machine. Additional activities include, but are not limited to, wheeling portable equipment to patient's bedside; explaining procedures to patient; operating dialysis equipment; inspecting, testing and maintaining special equipment.

Description

This cost center contains the direct expenses incurred in the Renal Dialysis cost center. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Treatments

Count each treatment for which a separate charge is made as one treatment regardless of the length of the treatment. The number of treatments shall be an actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

ORGAN ACQUISITION

Function

This cost center acquires, stores and preserves all human organs for eventual transplantation. Unlike other ancillary services, the total cost of organ acquisition is not accumulated in any one patient care cost center. Therefore, only the costs which are not properly includable in another cost center are to be included in this cost center.

Description

This cost center contains the direct expenses incurred in acquiring, storing and preserving human organs. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Number of Organs Acquired

Count each organ acquired as one. The number of organs acquired shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

AMBULANCE SERVICES

Function

This cost center provides ambulance service to the ill and injured who require medical attention on a scheduled and an unscheduled basis. Additional activities include, but are not limited to, lifting and placing patient into and out of an ambulance; transporting patients to and from the hospital; first aid treatment administered by a physical or paramedic prior to arrival at the hospital.

Description

The cost center contains the direct expenses incurred in providing ambulance services to the ill and injured. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/ rental/lease on major movable equipment, other direct expenses, and transfers.

Stand Unit of Measure:

Number of Occasions of Service

Ambulance service provided a patient is counted as one occasion of service regardless of special services rendered at the point of pickup or during transport. For example, the administration of oxygen and first aid during the pick-up and delivery of the patient would not be counted as a separate occasion of service. The number of occasions of service shall be the actual count.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER OPERATING EXPENSES

RN AND LPN EDUCATION

Function

RN and LPN is either a school for educating Registered Nurses, and Licensed Practical Nurses, or the clinical training activities for students when the degree is issued by a college or university. Additional activities include, but are not limited to the following selecting qualified nursing students; providing education in theory and practice conforming to approved standards, maintaining student personnel records; counseling of students regarding professional, personal, and educational problems; selecting faculty personnel, assigning and supervising students in giving nursing care to selected patients; and administering aptitude and other tests for counseling and selection purposes.

Description

This cost center shall be used to record the direct expenses incurred in operating a school of nursing for Registered and Licensed Practical Nurses. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, direct expenses and transfers.

Standard Unit of Measure:

Assigned Hours

Obtain assigned hours from curriculum schedules maintained by the School of Nursing.

CHAPTER III

DESCRIPTION OF ACCOUNTS

POSTGRADUATE MEDICAL EDUCATION

Function

This cost center contains the costs of an organized program of medical postgraduate clinical education to interns and residents. Additional activities may include, but are not limited, selecting qualified students; maintaining student personnel records; counseling of students regarding professional, personal and educational problems; and assigning students. This does not include the costs of supervising and/or teaching the interns and residents.

Description

This cost center shall be used to record the direct expenses incurred in providing an organized program of medical postgraduate clinical education. Included as direct expenses are: salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers. All salaries or stipends paid to interns and residents must be reflected in this cost center. Only the salary of a Director of Postgraduate Medical Education and associated office support staff should be reported in this cost center.

Standard Unit of Measure: Hours of Student Service

Hours spent by interns and residents in each department.

CHAPTER III

DESCRIPTION OF ACCOUNTS

OTHER HEALTH PROFESSION EDUCATION

Function

Other Health Profession Education is the provision of organized programs of medical clinical education other than for nurses (RN and LPN) and doctors, and the provision of organized education programs for administrative interns and externs. Medical Records Librarians, and other health professionals. Additional activities include, but are not limited to, selecting qualified students; providing education in theory and practice conforming to approved standards; maintaining student personnel records; counseling of students regarding professional, personal and educational problems; selecting faculty personnel; assigning and supervising students in giving medical care to selected patients; and administering aptitude and other tests for counseling and section purpose.

Description

These cost centers contain the direct expenses relative to operating health education programs other than nursing and postgraduate medical programs, such as a School of Medical Technology, School of X-Ray Technology, School of Respiratory Therapy, and other non-inservice education programs such as those listed above. A separate cost center should be established for each program. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation, rentals, or leases on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Hours of Student Service

Hours spent by students in each department.

CHAPTER III

DESCRIPTION OF ACCOUNTS

DIETARY SERVICES

Function

Dietary Services Includes the procurement, storage, processing and delivery of food and nourishment to patients in compliance with Public Health regulations and physicians' orders. Additional activities include, but are not limited to, teaching patients and their families nutrition and modified diet requirements; determining patient food preferences as to type and method of preparation; preparing selective menus for various specific diet requirements; preparing or recommending a diet manual, approved by the medical staff, for use by physicians and nurses; and delivering and collecting food trays for meals and nourishments

Description

This cost center contains the direct expenses incurred in preparing and delivering food to patients (including formula for infants). Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers. Also included is Dietary Services' share of common costs depreciation of kitchen equipment if a common kitchen is used for both Dietary and Cafeteria, salaries of cooks who prepare food for both cost centers, common maintenance costs, common food costs, common minor equipment costs, common administrative costs, etc.

Standard Unit of Measure:

Number of Patient Meals Served

Count only regularly scheduled meals (3 meal schedules only) and exclude snacks and fruit juices served between regularly scheduled meals. Also excluded are tube feedings and infant formula. The number of patient meals must be the actual count of patient meals.

CHAPTER III

DESCRIPTION OF ACCOUNTS

CAFETERIA

Function

Cafeteria includes the procurement, storage, processing and delivery of food to employees and other non-patients in compliance with Public Health regulations.

Description

This cost center contains all directly identifiable expenses incurred in preparing and delivering food to employees and other non-patients. Included in these direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, and transfers, and other direct expenses. Also included is the cafeteria's share of common costs of Dietary.

Standard Unit of Measure:

Full Time Equivalents

FTEs are computed by dividing the total annual hours paid (including vacation, sick leave, and over-time) for all employees by 2,080 hours.

CHAPTER III

DESCRIPTION OF ACCOUNTS

SOCIAL SERVICES

Function

The Social Services department obtains, analyzes, and interprets social and economic information to assist in diagnosis, treatment, and rehabilitation of patients. These services include counseling of staff and patients in case units and group units; participation in development of community social and health programs and community education. This department also includes a patient ombudsman or advocate if the position exists. Additional activities may include, but are not limited to, interviewing of patients and relatives to obtain social history relevant to medical problems and planning; interpreting problems of social situations as they relate to medical condition and/or hospitalization; arranging for post discharge care of chronically ill; collecting and revising information on community health and welfare resources.

Description

This cost center contains the direct expense incurred in providing social services to patients. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, and transfers, and other direct expenses.

Standard Unit of Measure: Number of Social Service Cases

Each patient whose case is handled by the Social Service Department shall be counted as one case.

CHAPTER III

DESCRIPTION OF ACCOUNTS

MAINTENANCE OF PERSONNEL

Function

Maintenance of Personnel is the provision of living quarters to hospital employees and students participating in educational programs carried on by the hospital, including the On-Call Rooms for interns, residents, etc.

Description

This cost center shall contain the direct expenses incurred in providing living quarters for hospital employees and students. Included as direct expenses are: salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure: Average Number of Employees, and/or Students, Living-In

Average Number Living-In should be generated from a tally of personnel, by department, who live-in hospital housing facilities. The total head count per month should be adjusted to reflect differences in days lived-in.

For example: Five (5) persons employed in department A lived in hospital housing facilities during the month of April; consisting of 30 days. Two (2) of the people arrived on the fifteenth (15th) of April. Therefore, the average number living in will be computed by adjusting the two (2) fifteen day (15) persons to one (1) person, resulting in an average of four (4) personnel living-in.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PURCHASING

Function

Purchasing includes the procuring of supplies, equipment and services necessary to hospital operations, the receipt of supplies and materials from vendors and their routing and distribution to specific using areas, especially Central Supply and Services. Additional activities may include, but are not restricted to, receipt and processing requisitions; monitoring of perpetual supply items; obtaining of quotes from selected vendors; and monitoring of receipt of supplies.

Description

This cost center shall be used to record the direct expenses incurred in carrying out these functions of the hospital. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease of major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PLANT OPERATIONS

Function

Plant Operations includes the operation of utility systems such as heat, light, water, air conditioning, and air treatments, operation of buildings, parking facilities, and equipment, and operation of elevators and vehicles. Additional activities include, but are not restricted to, trash disposal; boiler operation, operation of water treatment facilities, drainage systems and utility transmission systems. Include all operations performed under contract, technical assistance on equipment purchases and installation, and establishing priorities for utility projects.

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Description

This cost center shall contain the direct expenses incurred in the operation of the hospital plant and equipment. The only operation expense in this cost center will be those of a general and routine nature. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, utilities (except telephone and telegraph), depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Square Feet

Square feet should conform to the AHA guidelines for determining net square feet.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PLANT MAINTENANCE AND REPAIR

Plant Maintenance and Repair includes the maintenance and repair of utility systems such as heat, light, water, air conditioning, and air treatments, the maintenance and repair of buildings, parking facilities, and equipment, painting, elevator maintenance; vehicle maintenance, performance of minor renovation of buildings and equipment; coordinating construction, and maintenance of grounds of the institution, such as landscaped and paved areas, streets on the property, sidewalks, fenced areas and fencing, external recreation areas, and parking facilities. Additional activities include, but are not restricted to, trash disposal; boiler operation and maintenance, service and maintenance of water treatment facilities, drainage systems and utility transmission systems. Include all maintenance performed under contract, technical assistance on equipment purchases and installation, coordinating construction, establishing priorities for and utility projects.

This cost center shall contain the direct expenses incurred in the maintenance and repair of the hospital plant and equipment, except building improvements as defined on page 37. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, utilities (except telephone and telegraph), depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Square Feet

Square feet should conform to the AHA guidelines for determining net square feet.

CHAPTER III

DESCRIPTION OF ACCOUNTS

SECURITY

Function

The Security cost center maintains the safety and well-being of hospital patients, personnel, and visitors and protects the hospital's facilities.

Description

This cost center shall include the direct expenses incurred maintaining the safety and well-being of hospital patients, employees, visitors, and protection of the hospital facilities. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Square Feet

Square feet should conform to the AHA guidelines for determining net square feet.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PARKING

Function

Parking includes the provision of parking facilities to patients, employees and visitors.

Description

This cost center shall contain the direct expenses of parking facilities owned and/or operated by the hospital. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/lease/rental, other direct expenses and transfers.

Standard Unit of Measure: Square Feet

Square feet should conform to the AHA guidelines for determining net square feet.

CHAPTER III

DESCRIPTION OF ACCOUNTS

HOUSEKEEPING

Function

This department is responsible for the care and cleaning of the interior physical plant, including the care (washing, waxing, stripping) of floors, walls, ceilings, partitions, windows (inside and outside), furniture (stripping, disinfecting, and making beds), fixtures (excluding equipment) and furnishings, and emptying of room trash containers, as well as the costs of similar services purchased from outside organizations.

Description

This cost center shall contain the direct expenses incurred by the unit responsible for maintaining general cleanliness and sanitation throughout the hospital and other areas services (such as student and employee quarters). Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Hours of Service

The number of hours spent servicing each department.

CHAPTER III

DESCRIPTION OF ACCOUNTS

CENTRAL SERVICES AND SUPPLIES

Function

Central Services and Supplies prepares and issues medical and surgical supplies and equipment to other cost centers. Additional activities include, but are not limited to, requisitioning from purchasing and issuing of appropriate supply items required for patient care; preparing sterile irrigating reusable items, cleaning, assembling, maintaining, and issuing portable apparatuses.

Description

This cost center contains the direct expenses incurred in preparing and issuing medical and surgical supplies and equipment to other cost centers. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease of major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Costed Requisitions

CHAPTER III

DESCRIPTION OF ACCOUNTS

PHARMACY

Function

This department procures, preserves, stores, compounds, manufactures, packages, controls assays, dispenses, and distributes medications for in- and outpatients under the jurisdiction of a licensed pharmacist. Pharmacy services include the maintaining of separate stocks of commonly used items in designated areas. Additional activities include, but are not limited to, development and maintenance of formulary(s) established by the medical staff; consultation and advice to medical staff and nursing staff on drug therapy; determining incompatibility on drug combinations; stocking of floor drugs and dispensing machines.

Description

This cost center contains the direct expenses incurred in maintaining a pharmacy under the jurisdiction of a licensed pharmacist. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Costed Requisitions

CHAPTER III

DESCRIPTION OF ACCOUNTS

ADMINISTRATION

Function

1. Hospital Administration

This department performs overall management and administration of the institution, including the Office of Administrative Director, and governing board activities. Expenses which are not assignable to a particular cost center should be included here, However, care should be taken to ascertain that all costs included in this cost center do not properly belong in a different cost center.

2. Communications

This department operates the communications systems within and outside the hospital including telephone switchboard and related telephone services, messenger activities, radio communications systems, public address systems, closed-circuit television, and mail processing.

3. Public Relations

Public Relations furnishes information for public use in maintaining the hospital's position in the community.

4. Management Engineering

Management Engineering assists hospital administrators in their managerial function. The management engineer performs a wide variety of services, such as charting the flow of patients through the daily service wards and projecting average daily census for budgetary purposes.

5. Personnel

Personnel provides adequate staffing of hospital departments and maintains employee satisfaction and morale. Activities include recruitment, employee selection, salary and wage administration, fringe benefit program administration, employee health service, and procurement of temporary help (including fees paid to temporary help agencies).

CHAPTER III

DESCRIPTION OF ACCOUNTS

ADMINISTRATION - continued

6. Medical Library

The Medical Library procures, stores, indexes, classifies, annotates and abstracts books, catalogs, journals and other related published materials principally for medical staff use and reviews library records for completeness and compliance with established standards.

7. Data Processing

The Data Processing cost center performs the operation of the hospital's electronic data processing system, including keypunching of input, storage and safeguarding of data, operating data processing equipment, data processing job scheduling, distributing output and identifying and solving hardware and software problems.

8. Chaplaincy Services and Volunteer Groups

Chaplaincy services includes the provision of chaplaincy services and the maintenance of a chapel for patients, employees, and visitors.

Costs incurred in connection with hospital-related volunteer groups including coordinator of volunteer group activities and special meetings of volunteer groups conducted by the hospital are maintained in this cost center.

9. Printing and Duplication

This department provides printing and duplication of forms, reports and other printed matter used in the hospital.

Description

This cost center shall be used to record the direct expenses incurred in carrying out these functions of the hospital. Included as direct expenses are: salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease of major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.

CHAPTER III

DESCRIPTION OF ACCOUNTS

GENERAL ACCOUNTING

Function

This cost center performs general accounting (i.e., non-patient billing and accounting) activities of the hospital such as the preparation of ledgers, budgets and financial reports, payroll accounting, accounts payable accounting, plants and equipment accounting, inventory accounting, non-patient accounts receivable accounting (tuition, sales to other institutions), etc.

Description

This cost center shall include the direct expenses incurred in providing the general accounting requirements of the hospital. Included as direct expenses are: salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.

CHAPTER III

DESCRIPTION OF ACCOUNTS

PATIENT ACCOUNTS AND INPATIENT ADMITTING

Function

This cost center includes the processing of insurance claims and third-party billing forms, and other patient-related billing activities, including cashiering and extension of credit and collection of accounts receivable. Additional activities include interviewing patient and others relative to the extensions of credit, checking references, follow-up procedures and use of outside collection agencies.

This cost center also includes the admitting of inpatients for hospital services, including filling out admission forms, scheduling admission times, accompanying patients to a room or service area after admission and arrangement of admission details. Outpatient registration activities are also included here, including emergency, clinic and referral patients.

Description

This cost center shall include the direct expenses incurred in patient-related billing activities, all general inpatient admitting offices and in extending credit and collecting accounts. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease of major movable equipment, other direct expenses, and transfers.

Standard Unit of Measure:

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.

CHAPTER III

DESCRIPTION OF ACCOUNTS

MEDICAL RECORDS

Function

Medical Records includes the maintenance of a records system for the use, transportation, retrieval, storage and disposal of patient medical records; and the production of indexes, abstracts and statistics for hospital management and medical staff uses.

Description

This cost center contains the direct expenses incurred in maintaining the medical records function. Also, costs associated with microfilming of medical records shall be included in this account. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure:

Gross Charges

Expenses of this cost center should be allocated based on the Gross Charges in each revenue-producing cost center.

CHAPTER III

DESCRIPTION OF ACCOUNTS

MEDICAL CARE REVIEW

Function

This cost center conducts ongoing evaluation of the quality of care given and includes periodic review of the utilization of the bed facilities, and of the diagnostic, nursing and therapeutic resources of the hospital, with respect to both the availability of these resources to all patients in accordance with their medical need and the recognition of the medical practitioner's responsibility for the costs of health care. This review should cover necessity of admission, length of stay, level of care, quality of care, utilization of ancillary services, professional services furnished, effectiveness of discharge planning and the availability and alternate use of out-of-hospital facilities and services. Three review programs may be included in the Medical Care Review cost center; preadmission screening, concurrent review (including admission certification and continued stay review) and retrospective medical care evaluation studies. The review committee should include medical staff, hospital administration, nurses and home health planners.

Description

This cost center shall contain the costs incurred in providing peer review, quality assurance, utilization review, professional standards review and medical care evaluation functions. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers.

Standard Unit of Measure: Number of Reviews Processed

The number of reviews processed shall be the actual count. One patient that is reviewed twice should be counted as two reviews.

CHAPTER III

DESCRIPTION OF ACCOUNTS

NURSING ADMINISTRATION

Function

Nursing Administration performs the administration and supervision of the nursing function in the hospital including scheduling and transfer of nurses among the services and units, nursing staff supervision, evaluation and discipline.

Description

This cost center shall contain the direct expenses associated with nursing administration. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, other direct expenses and transfers. Supervisors assigned to specific cost centers shall be included in those cost centers on a direct basis.

The salaries, wages and fringe benefits paid float personnel shall be recorded in the cost center in which they work. This may be done directly, or they may be recorded originally in the Float Nursing Personnel cost center and distributed (preferable at the end of each payroll period) to using cost centers based upon hours worked. If the latter method is used, all salaries, wages and fringe benefits of float personnel must be transferred out of the "Float" Nursing Personnel cost center. Any idle time would be allocated together with actual hours worked. Scheduling and other administrative functions relative to float nursing personnel are considered costs of Nursing Administration.

Standard Unit of Measure:

Nursing Hours

Nursing hours shall be the number of hours worked by all personnel under the supervision of the Nursing Services Administration.

CHAPTER III

DESCRIPTION OF ACCOUNTS

INSERVICE EDUCATION - NURSING

Function

Inservice Education - Nursing is responsible for continuing education to hospital-employed nursing personnel (e.g. Res and LPNs) including regularly scheduled classes, in-house seminars and special training sessions.

Description

This cost center shall contain the direct expenses incurred in conducting a nursing inservice education program. Included in direct expenses are salaries and wages, employee benefits, physician compensation, supplies, purchased services, depreciation/rental/lease on major movable equipment, and other direct expenses and transfers. If any hospital employee works part-time in nursing activities, then his/her salaries, wages, and fringe benefits shall be separated, based upon the number of hours spent in each activity, and distributed to the appropriate cost centers, preferably after each payroll period. This cost center shall not include costs related to inservice student time. These costs must remain in the cost center in which the student works.

Standard Unit of Measure:

Nursing Hours

Nursing hours shall be the number of hours worked by all personnel under the supervision of the Nursing Services Administration.

CHAPTER III

DESCRIPTION OF ACCOUNTS

DEPRECIATION AND AMORTIZATION

Function

Depreciation and Amortization is the account for recording depreciation and amortization expense on land improvements, buildings and fixed equipment (not major movable equipment).

Description

This account contains all depreciation and amortization expense on land improvements, buildings, fixed equipment and leasehold improvements.

Standard Unit of Measure: Square Feet

Square feet should conform to the AHA guidelines for determining net square feet.

CHAPTER III

DESCRIPTION OF ACCOUNTS

LEASES AND RENTALS

Functions

Leases and Rentals is a center for the recording of leases and rental expenses on land, buildings and improvements, and fixed equipment.

Description

This cost center contains all lease and rental expenses relating to land, building and improvements, and fixed equipment. All such expenses must remain in this cost center.

Standard Unit of Measure: Square Feet

Square feet should conform to the AHA guidelines for determining net square feet.

CHAPTER III

DESCRIPTION OF ACCOUNTS

INSURANCE - PROFESSIONAL MALPRACTICE

Function

This cost center is used to record all professional (physicians, including interns and residents) malpractice insurance expenses.

Description

This cost center contains the expenses incurred in maintaining a professional liability insurance policy.

Standard Unit of Measure:

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.

CHAPTER III

DESCRIPTION OF ACCOUNTS

INSURANCE - HOSPITAL MALPRACTICE

Function

This cost center is used to record all hospital malpractice insurance expenses.

Description

This cost center contains the expenses incurred in maintaining a hospital malpractice insurance policy.

Standard Unit of Measure:

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.

CHAPTER III

DESCRIPTION OF ACCOUNTS

LICENSE AND TAXES (OTHER THAN ON INCOME)

Function

This account is used to record all business license expenses incidental to the operation of the hospital, all other licenses expense, all taxes other than on income or payments in lieu of taxes.

Description

This account contains the business licenses expense, other license expense, and tax expense which are incidental to the operation of the hospital. Fees paid to a city and/or county (or other governmental unit) for doing business in city and/or county should be recorded in this cost center.

Standard Unit of Measure: Square Feet

Square feet should conform to the AHA guidelines for determining net square feet.

CHAPTER III

DESCRIPTION OF ACCOUNTS

INSURANCE - OTHER

Function

This cost center is used to record all insurance expenses except professional liability and employee benefit insurance.

Description

This cost center contains the expenses incurred in maintaining all insurance policies except professional and hospital malpractice insurance, and employee benefit insurance. For example, fire, theft, employee fidelity bonds, liability (non-professional), property damage, auto, boiler, and business interruption would be included here.

Standard Unit of Measure:

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.

CHAPTER III

DESCRIPTION OF ACCOUNTS

INTEREST - SHORT TERM

Function

This cost center is used to record all interest incurred on borrowing for working capital purposes.

Description

This cost center contains the interest expense relating to borrowing for hospital operations. Interest incurred on mortgage notes and other borrowing for the acquisition of equipment must not be included in this cost center. Interest on borrowing during construction phases must be treated in accordance with Section 3113 of this manual

Standard Unit of Measure:

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.

CHAPTER III

DESCRIPTION OF ACCOUNTS

INTEREST - LONG TERM

Function

This cost center contains all interest incurred on capital, mortgages and other loans for the acquisition of property, plant and equipment.

Description

This cost center contains all interest expense incurred on capital, mortgages, and other loans for the acquisition of property, plant and equipment. This includes the interest on the current portion of long term debt.

Standard Unit of Measure: Square Feet

Square feet should conform to the AHA guidelines for determining net square feet.

CHAPTER III

DESCRIPTION OF ACCOUNTS

CENTRAL PATIENT TRANSPORTATION

Function

Central Patient Transportation is the transporting of patients between services in and about the hospital. This does not include the transportation of patients to the hospital.

This holding cost center is provided for those hospitals wishing to identify the cost of this service. However, all costs in this cost center must be transferred to the appropriate Routine Care Cost Center for reporting purposes.

Description

This cost center shall contain the direct expenses incurred in central patient transportation only if there is an established central patient transportation cost center. Included in direct expenses are salaries and wages, employee benefits, professional compensation, supplies, purchased services, depreciation/leases/rentals of major movable equipment, other direct expenses and transfers. These costs shall then be reclassified to Routine Care Cost Centers.

Standard Unit of Measure

No unit of measures is prescribed since this cost center must have a zero balance for reporting purposes.

CHAPTER III

DESCRIPTION OF ACCOUNTS

NURSING FLOAT PERSONNEL

Function

To record the expenses of nursing personnel who work in more than one cost center on a "float" basis.

Description

The expenses of nursing personnel who work in more than one cost center on a "float" basis must be recorded in the cost center in which they work. This may be done directly, or may be recorded originally in this account and distributed (preferable at the end of each payroll period) to using cost centers based upon hours worked in each cost center. Any expenses attributable to nursing float personnel, including on call and standby must be distributed based upon actual hours worked by the individual nurses during the applicable payroll period. Scheduling and other administrative functions relative to float personnel are considered costs of nursing administration.

Standard Unit of Measure: No unit of measure prescribed since the cost center must have a zero balance at the close of the hospital's accounting period.

CHAPTER III

DESCRIPTION OF ACCOUNTS

EMPLOYEE BENEFITS

Function

This cost center may be used to record all employee benefits and other benefits which can be specifically identified as belonging to a particular cost center. This cost center is provided for those hospitals wishing to identify the cost of this service. However, all costs in this cost center must be closed out for reporting purposes to the other functional cost centers as specified in Section 1613.

Description

This cost center is a holding account for all employee benefits expense both payroll and non-payroll related. Included in non-payroll related employee benefits are such costs as personal education, recreation and cultural activities, and day care.

Included in payroll related employee benefits are FICA, SUI, vacation, holiday, and sick leave, group health insurance, group life insurance, pension and retirement, and workmen's compensation insurance

Standard Unit of Measure

Payroll \$\$s

Payroll \$\$s shall be all salaries and wages excluding fringe benefits.